CT3
Computer Tutorial 3

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4th Edition

Accounting Using Sage Accpac® ERP

Certified General Accountants
Association of Canada
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About CGA-Canada

CGA-Canada today

CGA is the fastest-growing accounting designation in Canada. The CGA designation focuses on integrity, ethics and the highest education requirements. Recognized as the country's accounting business leaders, CGAs provide strategic counsel, financial leadership, and overall direction to all sectors of the Canadian economy.

The Certified General Accountants Association of Canada — CGA-Canada — sets standards, develops education programs, publishes professional materials, advocates on public policy issues, and represents CGAs nationally and internationally. The Association represents 75,000 CGAs and students in Canada, Bermuda, the Caribbean, Hong Kong and China.

Mission

CGA-Canada advances the interests of its members and the public through national and international representation and the establishment of professional standards, practices, and services.

A proud history

CGA-Canada was founded in Montréal in 1908 under the leadership of John Leslie, vice-president of the Canadian Pacific Railway. From the beginning, its objective was to encourage improvement in skills and job performance — a goal the Association holds to this day.

On April 14, 1913, Canada's Parliament passed the Act that incorporated CGA-Canada as a self-regulating professional Association. Over the decades that followed, branches became associations in their own right, affiliated with the national body.

A revised Act of Incorporation, passed in 1999, updated CGA-Canada's powers and reflected the Association's objectives and initiatives for the next millennium. The Act also established a French name for CGA-Canada — *Association des comptables généraux accrédités du Canada*.

Structure and roles

CGA-Canada is governed by a Board of Directors that includes regional representation as well as a public representative. An Affiliation Council, comprised of representatives of each CGA affiliate, sets the strategic plan of CGA-Canada and approves national policy. Individual CGAs are represented nationally through CGA-Canada, and regionally through their provincial/territorial/regional associations and local chapters.

The Association:

- ensures national recognition for the profession and advocates on policy issues of concern to the profession
- raises the profile of the CGA designation and represents members internationally
- sets national educational standards, and develops and maintains an internationally competitive program of professional studies and examinations to certify CGAs in Canada and overseas
- provides a range of services to affiliates and members

- contributes to the profession's body of knowledge through research and participation in international accounting organizations, particularly the International Federation of Accountants (IFAC)

Nationally and internationally, CGA-Canada contributes to accounting standard-setting by sharing its research findings and views. The Association also contributes to public policy discussions, advocating for the interests of its members and the public.

As a self-regulating organization, CGA-Canada also sets high standards of professionalism through its own *Code of Ethical Principles and Rules of Conduct* for members. This comprehensive set of rules and guidelines protects the public interest and ensures that CGAs maintain the highest ethical standards.

Education and professional development

CGA-Canada's competency-based education program has long been acknowledged as a leader among distance learning education programs. Innovative technology is used not only in the delivery of the program, but is incorporated into the curriculum content as well. Similarly, ethical principles are also integrated throughout the curriculum. Education partnerships with Laurentian University offer students options for meeting the mandatory degree requirement.

Mandatory continuing professional education ensures that CGAs maintain their professional competence. CGA-Canada provides professional development opportunities in public practice, ethics, accounting and auditing standards, business valuation, taxation, and other topics. The Professional Development Network — PD Net — developed collaboratively with CGA affiliates, is an extensive and powerful online information resource for members.

For more information

More information about CGA-Canada is available on its Web site at www.cga-canada.org.

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Introduction to Computer Tutorial 3

Purpose of the tutorial

The purpose of this tutorial is to present the basic features of the accounting software Sage Accpac ERP.

The CGA Educational version provided with this tutorial will enable you to apply the techniques directly to your CGA course work. The CGA Educational version is based on Sage Accpac ERP, version 5.6A. The CGA Educational version provides similar functions to the current commercial version. The knowledge you gain and the techniques you practise will transfer readily to the full-function commercial version of Accpac, as well as to many other accounting software programs.

By working carefully through the tutorial, and completing the exercises and self-testing questions, you should acquire the fundamental skills needed to complete the Accpac assignments in the CGA program of professional studies. However, you will need additional, regular practice and more advanced application in order to become a fluent user.

Minimum system requirements

You are required to have access to a computer system and printer that meets the minimum or recommended system requirements specified in regional calendars or student handbooks. Your regional CGA office and the CGA-Canada website have the most current information about system requirements and recommendations for features to consider if you are making new purchases of equipment.

Data

The Sage Accpac ERP CGA 5.6A CD contains only the accounting software with no accounting data loaded. You must download the data that is used in this tutorial from http://www.cga-education.org/2011-12/ct3/. Follow the onscreen instructions to download the data, then read Appendix A for instructions on how to load the data.

Using Windows Vista and Office 2010

Windows Vista users may need to use Vista's Run as Administrator feature when installing Sage Accpac ERP, using Data Loader, or printing or designing financial statements.

To ensure Accpac and its financial reporter capabilities work properly, it is critical that the Run as Administrator feature also be used when starting Accpac and/or the Data Loader Utility. To do this, right-click the shortcut to Sage Accpac ERP, and choose Run as Administrator. (This is not the same as being logged into Windows as an unrestricted, "admin" type user.)

There are now two ways of installing Microsoft Office 2010:

- as a Click-to-Run application
- as a MSI application

The Click-to-Run application in Office 2010 is a new setup from Microsoft. It will cause problems for students with Sage Accpac because the Click-to-Run version will not work for Sage Accpac Financial Reports. You **must** install the **MSI version** of Microsoft Office for the program to work with Sage Accpac.

Reference material

The material presented in this tutorial can be used without referring to other sources. The authoritative reference to the software is the documentation provided with the CGA Educational version of Sage Accpac ERP on the CD. **First-time users are advised not to use the documentation until they have acquired the basic skills for Accpac from this tutorial.**

Overview

This tutorial contains seven lessons and four appendices.

Each lesson builds on material covered in a previous lesson. It is important that you master the material covered in one lesson before attempting the next. At the end of each lesson is a set of self-testing questions. Use these questions to gauge how well you have mastered the material.

The instructions in the exercises in this tutorial are often detailed and explicit. You are advised to follow the exercises closely, as the skills are progressive. It is generally assumed that you will follow the sequence of instructions as presented.

On average, each lesson is designed to take about an hour or two to complete. However, you should allow additional time to answer the self-testing questions at the end of each lesson *and to do further practice*. Only with constant practice will you gain confidence with an accounting program.

Lesson 1 Basic concepts of a general ledger and Sage Accpac ERP CGA 5.6A

The purpose of this lesson is to provide an overview of the basic concepts of a general ledger, first in a manual accounting system, then in its computerized equivalent. The lesson introduces the features of Accpac General Ledger. The procedures used to install and start up Sage Accpac ERP CGA 5.6A are explained. The first hands-on use of Accpac begins with selected icons.

Lesson 2 Working with a chart of accounts

This lesson describes how a chart of accounts is set up in Accpac and how accounts are managed. Adding, modifying, and deleting general ledger accounts from the chart of accounts is also detailed. The input features of the G/L Accounts window are described. The use of Accpac online Help is explained. The backup method used with Windows is outlined.

Lesson 3 Managing transactions

This lesson shows you how transactions are processed. Transaction details are explained and the transaction batch defined. The lesson explains how to enter, modify, delete, and print a transaction batch.

Lesson 4 Posting transaction batches

This lesson explains how to check a batch status and points out the importance of backing up before posting. It also explains in detail how to review and post transactions. You learn how to make changes to account balances after transactions are posted. Finally, you learn how to delete an account number.

Lesson 5 Printing reports and making adjusting entries

This lesson describes the various financial reports available in Accpac and their use. It explains the use of source document codes, as well as how to print different types of reports. The nature of adjustments and methods of making adjusting entries are demonstrated.

Lesson 6 Designing and printing financial statements

This lesson describes the financial statement formatting capabilities of Accpac. You learn how to use specific commands to generate, customize, and print financial statements. You also learn to use Excel with Accpac.

Lesson 7 Maintaining Accpac

This lesson demonstrates how to design a chart of accounts with a logical structure, develop and implement procedures for operating a general ledger, perform month-end and year-end procedures for a general ledger, and develop and implement controls to ensure the integrity of the general ledger.

Appendix A Installing Sage Accpac ERP CGA 5.6A

This appendix describes the steps required to install or remove Sage Accpac ERP CGA 5.6A.

Appendix B Solutions to self-testing questions

This appendix provides suggested solutions to the self-testing questions at the end of each lesson.

Appendix C Managing budget data

The use of budget data is explained in this appendix. You learn how to enter, edit, view, and print budget figures using Accpac.

Appendix D Glossary

This appendix provides a glossary of terms you may encounter when working with Accpac.

Basic concepts of a general ledger and Sage Accpac ERP CGA 5.6A

Topic outline

1.1 Journals and ledgers
1.2 Overview of a general ledger
1.3 The chart of accounts
1.4 Manual accounting systems
1.5 Computerized accounting systems
1.6 Introducing Accpac General Ledger
1.7 Installing the program and data files
1.8 Starting Sage Accpac ERP CGA 5.6A
1.9 The company desktop
1.10 Using a practice general ledger
1.11 Self-testing questions

Overview

The purpose of this lesson is to provide an overview of the basic concepts of a general ledger, first in a manual accounting system, then in its computerized equivalent. The lesson introduces the features of Accpac General Ledger, a computerized general ledger system developed by Sage Accpac and used in several CGA courses.

It is assumed that you have a basic knowledge of accounting at a level equivalent to *Financial Accounting Fundamentals [FA1]* in the CGA program of professional studies. The first few topics of the lesson review the accounting cycle by comparing manual and computerized accounting systems.

Because you will use Sage Accpac ERP CGA 5.6A hands-on in later topics, you must perform the installation procedure described in Topic A.1 of Appendix A as part of your work in Topic 1.7.

Learning objectives

- Compare and contrast manual and computerized accounting systems.
- Describe a computerized general ledger and explain its design.
- Describe how journals and ledgers are kept in a computerized general ledger.
- Describe the basic capabilities of Accpac.
- Install and start up Sage Accpac ERP CGA 5.6A.
- Work with selected icons in Accpac.

TOPIC 1.1

Journals and ledgers

With a manual accounting system, each transaction is recorded in chronological order in a book of original entries called the **journal**. If all the transactions are recorded in one master journal, the journal is called the **general journal**. Exhibit 1-1 is an example of a general journal. Often, specialized journals are also used. For example, a cash receipts journal records all cash receipts, while a sales journal records all sales.

EXHIBIT 1-1
Example of a manual general journal

GENERAL JOURNAL *Page J-5*

Date 2002		*Account Title and Description*	*Post Ref.*	*Dr.*					*Cr.*				
July	*5*	*Office supplies*	*S-23*			*6*	*0*	*00*					
		Office equipment	*S-24*		*3*	*0*	*0*	*00*					
		Accounts payable	*S-35*							*3*	*6*	*0*	*00*
		Purchased supplies and equipment											
		on credit											
	12	*Cash*	*S-12*		*5*	*0*	*0*	*00*					
		Legal fees earned	*S-51*							*5*	*0*	*0*	*00*
		Collected a legal fee											

The journal is the primary record of a company's transactions. Each transaction is represented by a **journal entry**. Each journal entry comprises detailed lines showing a date, the name of the account affected by the transaction, a description, a posting reference, and a debit or credit amount. The simplest journal entry consists of one debit amount and one matching credit amount. However, it is possible for a single transaction to result in a complex journal entry with multiple debit and credit amounts.

Unless specialized journals are used, the general journal contains all transactions. However, it is difficult to determine from the general journal the balance of an individual account because the journal lists all transactions in chronological order. Since the objective of recording a company's transactions is to produce categorized financial information, the journal entries must also be analyzed and organized by specific accounts. The **general ledger** serves this purpose because in this ledger each account has a separate page for recording transactions and displaying the account balance.

The general journal (as well as specialized journals) and the general ledger are thus closely linked. Each debit or credit recorded in a journal for a particular account is subsequently posted to the corresponding general ledger page on a regular basis. Sometimes, only totals are posted from a specialized journal to the appropriate ledger account.

In the general ledger, a running balance is kept so the current balance for each account is always indicated. A trial balance can thus be easily prepared by copying the balance of each account to a worksheet. **Subsidiary ledgers** are sometimes used to record information on special parts of the company's accounting records. Exhibit 1-2 shows examples of the two types of ledgers.

EXHIBIT 1-2

Examples of a partial general ledger and a subsidiary ledger

Partial general ledger

NAME: CASH **ACCOUNT NO. 1100**

Date 2001	*Explanation*	*Post Ref*	*Debit*	*Credit*	*DR CR*	*Balance*
1-Jan					Dr	$ 8,000.21
31-Jan	Month-end deposits	CR-21	126,225.49		Dr	134,225.70
31-Jan	Payment of invoices	CD-32		98,421.64	Dr	35,804.06

NAME: ACCOUNTS RECEIVABLE **ACCOUNT NO. 1200**

Date 2001	*Explanation*	*Post Ref*	*Debit*	*Credit*	*DR CR*	*Balance*
1-Jan					Dr	$ 7,000.49
31-Jan	Cash receipts from vendors	CR-21		12,321.21	Cr	(5,320.72)
31-Jan	Sales for January	SJ-19	13,521.00		Dr	8,200.28

NAME: SALES REVENUE **ACCOUNT NO. 2300**

Date 2001	*Explanation*	*Post Ref*	*Debit*	*Credit*	*DR CR*	*Balance*
1-Jan					Cr	$ 401,790.00
31-Jan	Sales for January	SJ-19		13,521.00	Cr	415,311.00
31-Jan	Cash Sales	CR-21		81,000.00	Cr	496,311.00

Subsidiary ledger

NAME: XYZ SUPPLIES CO. **ACCOUNT NO. 1200.12**

Date 2001	*Explanation*	*Post Ref*	*Debit*	*Credit*	*DR CR*	*Balance*
1-Jan	Balance					$ 2,000.05
2-Jan		SJ-19	1,241.50			3,241.55
31-Jan		CR-21		2,000.00		1,241.55

NAME: MICRO SUPPLIES LTD. **ACCOUNT NO. 1200.27**

Date 2001	*Explanation*	*Post Ref*	*Debit*	*Credit*	*DR CR*	*Balance*
1-Jan	Balance					$ -
11-Jan		SJ-19	2,431.69			2,431.69
20-Jan		CR-21		2,431.69		-

NAME: PIONEER MANUFACTURING CO. **ACCOUNT NO. 1200.42**

Date 2001	*Explanation*	*Post Ref*	*Debit*	*Credit*	*DR CR*	*Balance*
1-Jan						$ -
30-Jan		SJ-19	1,196.00			1,196.00

NAME: ADVANCED TECHNOLOGIES LTD. **ACCOUNT NO. 1200.12**

Date 2001	*Explanation*	*Post Ref*	*Debit*	*Credit*	*DR CR*	*Balance*
1-Jan	Balance					$ 2,512.49
3-Jan		SJ-19	500.00			3,012.49
7-Jan		CR-21		2,512.49		500.00

NAME: T.D. HARDWARE **ACCOUNT NO. 1200.91**

Date 2001	*Explanation*	*Post Ref*	*Debit*	*Credit*	*DR CR*	*Balance*
1-Jan						$ -
27-Jan		SJ-19	2,960.12			2,960.12

TOPIC 1.2

Overview of a general ledger

To record the assets, liabilities, and shareholders' equity (including revenues and expenses) of a company in an orderly manner, accounting information is grouped into accounts. For example, all information relating to changes in cash on hand is recorded in a single account called "Cash" (or sometimes "Bank"). Most accounting systems, whether manual or computerized, use numbers to uniquely identify an account. For example, account number 1001 may identify cash, while account number 1070 may identify marketable securities, and so on. The account numbers used vary from company to company, but a logical numbering system should always be followed to facilitate grouping and quick access.

A general ledger can be made up of a dozen accounts or as many as several thousand accounts, depending on the complexity of the company's financial transactions. A simple general ledger might contain the following accounts:

Assets

- Cash
- Accounts receivable
- Inventory
- Capital assets
- Accumulated amortization

Liabilities

- Accounts payable
- Notes payable
- Shareholders' loans

Shareholders' equity

- Share capital
- Retained earnings

Revenues

- Operating revenue
- Other revenues

Expenses

- Wages
- Rent or mortgage interest
- Amortization
- Other expenses

TOPIC 1.3

The chart of accounts

A **chart of accounts** is a logical structure of account numbers designed to make it easier and faster to look up an account in the general ledger. A chart of accounts is basically a table of contents for a general ledger. For a complex general ledger with multiple account numbers, a chart of accounts is a necessity.

In designing a general ledger for either a manual or computerized system, a good place to start is to outline a chart of accounts. One effective approach is to go through all the items in the balance sheet first, starting with current assets, and assign an account number to each item. After all the items on the balance sheet have been assigned account numbers, you then go through the income statement and assign account numbers to each item, starting with revenues. This has two benefits: it facilitates the construction of financial statements and makes it easier to locate any given account. It is also recommended that each major category of accounts (assets, liabilities, shareholders' equity, revenues, and expenses) be allotted a separate number series.

Because the balance sheet usually shows aggregated information, it is important to analyze each item and, if necessary, assign multiple accounts to an item on the balance sheet. For example, it may be necessary to separate cash into various components, such as petty cash and the different bank accounts, with a unique account number assigned to each to facilitate bank reconciliation. Since it may be necessary to add more account numbers, it is a recommended practice to space out the account numbers. The gap between account numbers allows accounts to be added without a complete reorganization of the chart of accounts. For example, you could assign the account number 1000 to petty cash, 1050 to a chequing account, 1100 to a U.S. dollar account, and 1150 for marketable securities. Reorganizing the chart of accounts is a complicated and time-consuming process and should be avoided, if possible.

The following Sample Company Ltd. chart of accounts is used throughout this tutorial. Note that only part of the chart is reproduced — several columns to the right are excluded so that you can read the account numbers and descriptions more clearly. Note also that divisions and regions are not shown. Other accounts will be added as you work through the tutorial.

G/L Chart Of Accounts - Short Form (GLCHTA01)

From	**Account No.**	[ ] To [ZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZ]
From	**Account Group**	[Current assets] To [Other]
Sort By		[Account No.]

Account Number	Description	Status	Acct Config.
1000	Petty cash	Active	B,DR,F
1020	Bank account, operating	Active	B,DR,M
1021	Bank account, American Express	Active	B,DR,F
1022	Bank account, VISA	Active	B,DR,F
1023	Bank account, Mastercard	Active	B,DR,F
1030	Bank account, payroll	Active	B,DR,F
1040	Bank account, US dollars	Active	B,DR,M
1050	Bank account, Japanese yen	Active	B,DR,M
1060	Bank account, British pounds	Active	B,DR,M
1100	Accts receivable, intercompany	Active	B,DR,M
1115	Accounts receivable, trade	Active	B,DR,M
1120	Accounts receivable, employees	Active	B,DR,F
1140	Accounts receivable, other	Active	B,DR,F
1145	Accounts receivable, retainage	Active	B,DR,F
1150	GST receivable	Active	B,DR,F
1190	Allowance for doubtful accts.	Active	B,CR,F
1200	Investments, short-term	Active	B,DR,F
1300	Inventory	Active	B,DR,M
1320	Inventory, assembled	Active	B,DR,F
1340	Work in progress	Active	B,DR,F
1400	Prepaid insurance	Active	B,DR,F
1420	Prepaid taxes	Active	B,DR,F
1430	Prepaid rent	Active	B,DR,F
1440	Prepayment, AP purchases	Active	B,DR,M
1500	Furniture and fixtures	Active	B,DR,F
1520	Equipment	Active	B,DR,F
1540	Buildings	Active	B,DR,F
1550	Land	Active	B,DR,F
1600	Acc. amortization/depr.	Active	B,CR,F
1620	Acc. amort./depr. - Equipment	Active	B,CR,F
1640	Acc. amort./depr. - Buildings	Active	B,CR,F
1700	Leasehold improvements	Active	B,DR,F
1710	Acc. amortization, leasehold	Active	B,CR,F
1720	Organization costs	Active	B,DR,F
1730	Acc. amortization, org. costs	Active	B,CR,F
2000	Bank operating loan	Active	B,DR,F
2010	Accts payable, intercompany	Active	B,CR,M
2015	Accounts payable, trade	Active	B,CR,M
2020	Accounts payable, other	Active	B,CR,F

2025	Accounts payable, retainage	Active	B,CR,F
2030	Prepayment liability	Active	B,CR,M
2040	Accts payable, clearing	Active	B,CR,M
2045	Non-inventory payables clearing	Active	B,CR,F
2050	Non stock clearing	Active	B,CR,M
2055	Transfer clearing	Active	B,CR,F
2060	Dividends payable	Active	B,CR,F
2070	Deposits received	Active	B,CR,F
2080	Project and Job Costing Billings	Active	B,CR,F
2100	Wages payable	Active	B,CR,F
2110	Quebec tax payable	Active	B,CR,F
2120	EI payable	Active	B,CR,F
2130	CPP payable	Active	B,CR,F
2140	QPP payable	Active	B,CR,F
2150	Ont. EHT payable	Active	B,CR,F
2160	QHIP payable	Active	B,CR,F
2200	Federal tax payable	Active	B,CR,F
2225	Employee medicare payable	Active	B,CR,M
2235	Employer medicare payable	Active	B,CR,M
2240	Provincial income tax payable	Active	B,CR,F
2290	Property tax payable	Active	B,CR,F
2300	Employee benefits payable	Active	B,CR,F
2310	Employee pension payable	Active	B,CR,F
2350	Employee deductions payable	Active	B,CR,F
2400	County sales tax payable	Active	B,CR,M
2410	State sales tax payable	Active	B,CR,M
2420	Corp. income taxes payable	Active	B,CR,F
2430	Canadian GST collected	Active	B,CR,F
2435	Canadian GST input tax credit	Active	B,CR,F
2440	Provincial Sales Tax	Active	B,CR,F
2445	Quebec Sales Tax	Active	B,CR,F
2450	VAT (United Kingdom)	Active	B,CR,M
2460	Japanese sales / purchase tax	Active	B,CR,M
2470	Australian GST	Active	B,CR,M
2480	Australian GST Credit	Active	B,CR,M
2500	Current portion L/T debt	Active	B,CR,F
2700	Long term debt proceeds	Active	B,CR,F
2710	Long term debt payments	Active	B,DR,F
2800	Shareholders' loans	Active	B,CR,F
2900	Deferred income taxes	Active	B,CR,F
3000	Common stock	Active	B,CR,F
3100	Preferred stock	Active	B,CR,F
3200	Retained earnings	Active	R,CR,M
3300	Dividends	Active	B,CR,F
3500	Unrealized exchange gain	Active	B,CR,M
3510	Unrealized exchange loss	Active	B,CR,M
4000	Sales	Active	I,CR,M
4010	Sales, accessories	Active	I,CR,F
4020	Sales, chairs	Active	I,CR,F
4030	Sales, desks	Active	I,CR,M
4040	Sales, cabinets	Active	I,CR,F

4050	Sales, dividers	Active	I,CR,F
4060	Sales, samples	Active	I,CR,F
4070	Damaged Goods	Active	I,DR,F
4100	Sales returns and allowances	Active	I,DR,M
4150	Sales discount	Active	I,DR,M
4200	Delivery revenue	Active	I,CR,M
4210	Rental revenue	Active	I,CR,M
4220	Interest income	Active	I,CR,M
4230	Miscellaneous income	Active	I,CR,M
5000	Cost of goods sold	Active	I,DR,M
5010	COGS, accessories	Active	I,DR,F
5020	COGS, chairs	Active	I,DR,F
5030	COGS, desks	Active	I,DR,F
5040	COGS, cabinets	Active	I,DR,F
5050	COGS, dividers	Active	I,DR,F
5500	Cost variance	Active	I,DR,M
5600	Shipment Clearing	Active	I,DR,M
6000	Accounting and legal fees	Active	I,DR,F
6010	Administrative expenses	Active	I,DR,F
6020	Advertising	Active	I,DR,M
6040	Amortization of leasehold	Active	I,DR,F
6060	Amortization of org. costs	Active	I,DR,F
6070	Disassembly Expense	Active	I,DR,F
6080	Automotive	Active	I,DR,M
6090	Cost Expense	Active	I,DR,F
6100	Bad debts	Active	I,DR,M
6110	Bank charges and errors	Active	I,DR,M
6120	Commissions	Active	I,DR,M
6140	Delivery and distribution	Active	I,DR,M
6160	Amortization/Depreciation	Active	I,DR,F
6180	Donations	Active	I,DR,F
6200	Dues and subscriptions	Active	I,DR,F
6220	Employee benefit plan	Active	I,DR,F
6240	Employee benefits, direct	Active	I,DR,F
6250	Employee benefits, allocated	Active	I,DR,F
6260	Equipment lease or rent	Active	I,DR,M
6280	Insurance	Active	I,DR,M
6300	Interest, long term debt	Active	I,DR,F
6320	Interest, other	Active	I,DR,F
6340	Inventory adj. & w/o	Active	I,DR,F
6350	Assembly cost credit	Active	I,DR,M
6360	Licenses and permits	Active	I,DR,F
6380	Miscellaneous	Active	I,DR,M
6400	Moving	Active	I,DR,F
6500	Office supplies	Active	I,DR,M
6520	Postage	Active	I,DR,M
6540	Promotion and entertainment	Active	I,DR,M
6550	Purchase discounts	Active	I,CR,F
6560	Rent, office	Active	I,DR,M
6580	Repairs and maintenance	Active	I,DR,M
6600	Shipping supplies	Active	I,DR,F

6620	Shop supplies	Active	I,DR,F
6640	Subcontract costs	Active	I,DR,F
6660	Traveling expenses	Active	I,DR,F
6680	Telephone, telex, fax	Active	I,DR,M
6700	Utilities	Active	I,DR,M
6720	Wages & benefits, direct	Active	I,DR,F
6725	Employer taxes, direct	Active	I,DR,M
6740	Wages & benefits, indirect	Active	I,DR,F
6760	Wages casual, direct	Active	I,DR,F
7100	Realized exchange gain	Active	I,CR,M
7110	Realized exchange loss	Active	I,DR,M
7200	Exchange rounding error	Active	I,DR,M
8000	Disposal of assets, proceeds	Active	I,CR,F
8100	Disposal of assets, cost	Active	I,DR,F
9000	Corporate income taxes	Active	I,DR,F
9100	Corp. income taxes - deferred	Active	I,CR,F
9999	Suspense	Active	I,DR,M

158 accounts printed

Accpac has a very flexible structure. With the commercial version of the program, you can set up a chart of accounts with a maximum account length of 45 characters and 10 segments. How an organization sets up its chart of accounts depends on its needs.

The chart of accounts for Sample Company Ltd. has been set up with the following structure in mind. It uses a three-segment account code. The first four characters specify the account and the second segment has three characters and represents the division or section of the company. For example, segment 100 indicates the commercial division. The last two characters can be used to break down the information of a given account into further detail. It may be useful to break down the information into additional accounts for specific regions, for example. Therefore, account 4000-100-10 could indicate commercial sales, North, while account 4000-100-20 could represent commercial sales, South.

Remember: before you set up a chart of accounts, take the time to think through the needs of the organization. What type of information will you need to access from the system on a daily basis? Once you have answered this question, you can start designing your chart of accounts.

In Topic 7.1, you learn more techniques for designing a chart of accounts for an accounting entity.

TOPIC 1.4

Manual accounting systems

In a manual accounting system, it is possible to introduce errors when journal entries are recorded, or when entries are posted from the general journal and specialized journals to the general ledger. In order to determine if the general ledger is in balance, a **trial balance** is prepared, typically on a columnar worksheet. For each account, the debit or credit balance is entered in the **trial balance worksheet** in one of two columns, which are then added. The sum of all debits must equal the sum of all credits; otherwise, the general ledger has an error. A general ledger that has matching totals for debits and credits is said to be in balance. A trial balance may also show all debits and credits in a single column that totals to zero.

The trial balance worksheet also forms the basis of financial statements because it contains a detailed listing of the balances of all accounts in the general ledger. **Adjusting entries** may be added to the trial balance for information not previously recorded in the general ledger. Examples of adjusting entries include salaries payable, prepaid expenses, and accumulated amortization. Once identified, each additional entry is recorded as a separate general journal entry and included on the worksheet. (These entries are also posted to the general ledger — but not necessarily before the statements are prepared.)

After the trial balance is adjusted, balance sheet accounts (assets, liabilities, and shareholders' equity accounts) are identified and a balance sheet prepared. Similarly, income statement accounts (revenue and expense accounts) are identified and an income statement prepared. Each time a set of financial statements is prepared, it is necessary to go through these steps.

At the end of the fiscal year, another trial balance is prepared. Adjusting entries are recorded and posted to the general ledger. An **adjusted trial balance** and final financial statements are prepared. **Closing entries** are also prepared. The closing entries are posted to the general ledger to clear and close the revenue and expense accounts and to arrive at the retained earnings balance at the end of the fiscal year. This closing process zeros all revenue and expense accounts, making them ready to record entries for the next fiscal year.

TOPIC 1.5

Computerized accounting systems

There are many different ways of implementing a computerized accounting system. This description is based on the system used by Accpac.

A computerized accounting system records the same financial information as a manual accounting system, but with a different method. The general ledger is maintained in a database. The database contains information on each account in the chart of accounts. Information kept in the database includes account number, account name, budget figures, and account balances. Computerized accounting systems are capable of keeping more than one balance per general ledger account. For example, a balance is kept for each month for each account so that financial statements can be produced for any month. Balances for previous years may also be stored.

A general journal is not required. Transactions are entered into subsidiary ledgers or transaction batches before being posted to the general ledger. For better management control, transactions are sometimes recorded on paper-based journal entry forms and approved by the appropriate authority before they are entered into the computerized accounting system. Because this extra step is quite time-consuming, it is often bypassed, and other forms of internal control are substituted. For example, the transactions can be entered electronically, then printed and reviewed by a supervisor prior to posting.

Transactions are entered into the computerized accounting system by one of two methods:

- **Batch method** — Enter transactions in a batch and then post each transaction batch to the master table.

or

- **Direct-entry method** — Enter each transaction directly into the master table.

Each method has its advantages and disadvantages. The batch method enables you to check the transactions before entering (posting) them to form the permanent record. Also, the transaction entry can be delegated to clerical staff while the accountant retains control by reviewing each batch prior to posting. However, batching requires an extra step.

The direct-entry method enables you to enter the transactions directly, which reflects the results of the transactions immediately. The disadvantage, however, is that control over transaction entry is significantly weaker than with the batch method because there is no means to verify each transaction entry before it is reflected in the general ledger. Errors are also more difficult to correct once they are discovered.

Whichever method is used, a computerized accounting system is designed to keep the general ledger continuously in balance by only allowing transactions to be entered or posted if they are in balance. That is, the debit and credit totals of each transaction must be equal before the program allows them to be posted. A manual accounting system has no comparable safeguard.

TOPIC 1.6

Introducing Accpac General Ledger

Sage Accpac ERP General Ledger is a core component of Sage Accpac, a series of integrated accounting modules from Sage Accpac ERP. Accpac is a comprehensive accounting and business management program containing modules that deal with inventory, purchasing, sales, payroll, and accounts receivable. The CGA Educational version of Accpac is limited to the General Ledger module.

Accpac General Ledger provides many useful features for the accountant and for senior management. The program has many built-in controls that prevent a user from introducing errors that could damage the general ledger, such as deleting accounts with existing balances or posting transactions to non-existent accounts. Remember, though, that these safeguards do not preclude a user from making accounting mistakes, such as entering an amount to an inappropriate (but existing) account.

Accpac General Ledger uses a variety of methods for transaction entry. In the CGA program of professional studies, batch entry will largely be used. Transactions can be entered as single-use, clearing, reversing, or recurring entries. When posting transactions, you have the option of posting transactions individually, in a batch, in selected batches in a given module, or you can post all batches within all modules in the accounting system. You can produce a trial balance at any time, with only a few mouse clicks. If changes are required after transactions have been posted, adjusting entries must be made to effect the changes. This procedure ensures a reliable audit trail for management and auditors.

Accpac can handle a fiscal year with 12 or 13 fiscal periods. The general ledger for this tutorial has been set up for a fiscal year with 12 fiscal periods. Other options are available so that separate periods can be set up for year-end adjustments and for closing the books at the end of the fiscal year.

Each account can hold the current balance, all the debits and credits to the account in each fiscal period, historical data, and budget data. The program stores a debit entry or balance as a positive number, and a credit entry or balance as a negative number.

A comprehensive set of reports can be printed with the program. Examples include a trial balance, statement of cash flow, and statement of retained earnings reports, all of which can be printed in a variety of ways to provide up-to-date analysis of your financial activity. You can print a list to verify the accuracy of a transaction. This allows transactions to be verified and approved prior to posting, therefore forming a critical part of a formal audit trail.

TOPIC 1.7

Installing the program and data files

The procedure for installing Sage Accpac ERP CGA 5.6A is described in Topic A.1 of Appendix A. This version can co-exist with other versions of Accpac. It is designed to avoid conflict with other versions of Accpac that may be installed on your hard drive either now or in the future. The various versions of Accpac use their respective data.

Now, go to Appendix A and install the program and data files for this tutorial on your hard drive. After you have successfully completed the installation, continue with Topic 1.8.

Note:

In CGA course material, computer commands are sometimes shown without any punctuation. For example, File Open is used to denote the command "Click File, then select Open." Study the items on the menu bar carefully to ensure that you are following the commands as required in the various exercises.

TOPIC 1.8

Starting Sage Accpac ERP CGA 5.6A

You can start Sage Accpac ERP CGA 5.6A by selecting the Accpac icon or by using the Start button on your Windows desktop. The Accpac icon is separated from the program group for the commercial versions of Accpac, thus ensuring that you start the appropriate version.

Exercise 1.1 takes you through the steps to start Accpac 5.6A.

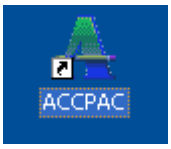
EXERCISE 1.1

Starting Accpac 5.6A

1. ***Starting Accpac using the icon***

   On your Windows desktop, double-click the Accpac 5.6A icon to start the program (Exhibit 1-3). Proceed to step 2.

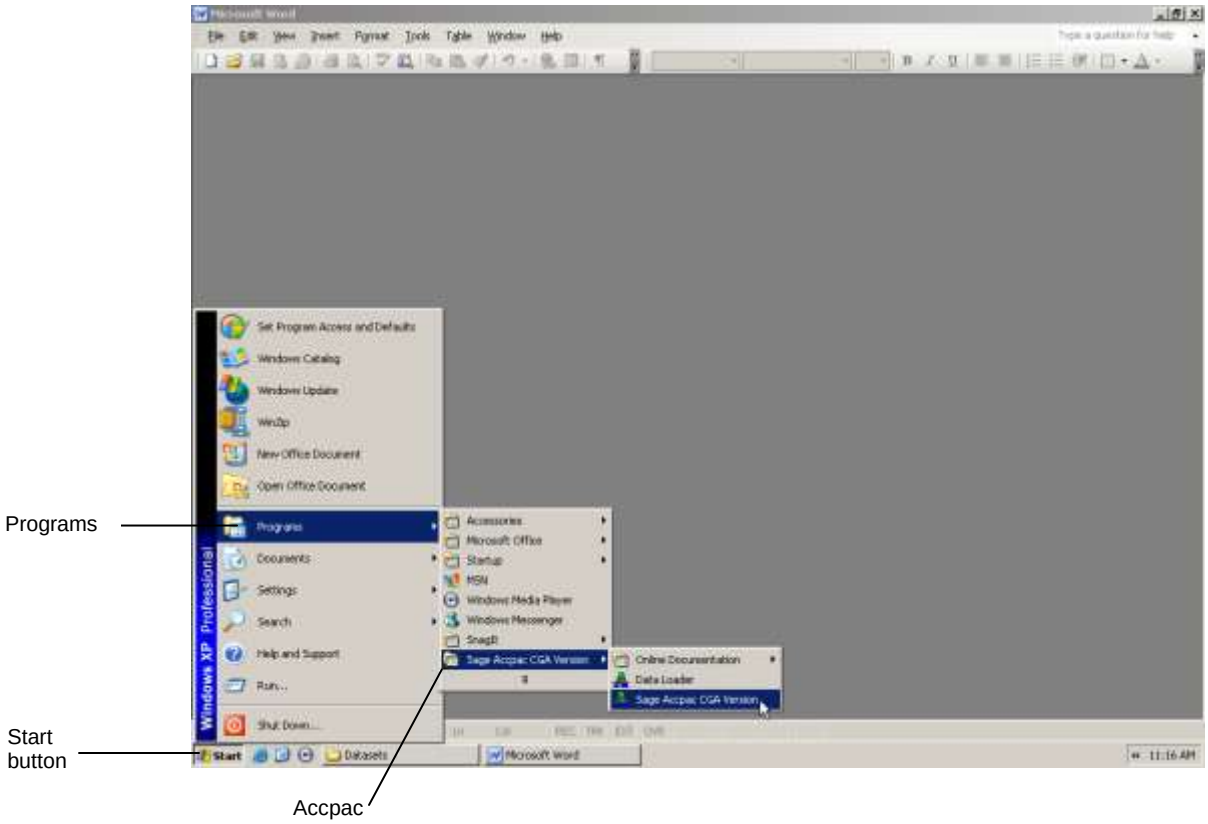
   EXHIBIT 1-3
   Selecting the Accpac 5.6A icon

   Starting Accpac using the Start button

   From the Windows desktop, click Start, then select Programs. The available programs and program groups appear. Select Sage Accpac ERP and a submenu appears (Exhibit 1-4). Click the submenu choice Sage Accpac CGA Version and the program starts. Proceed to step 2.

EXHIBIT 1-4
Using the Start button



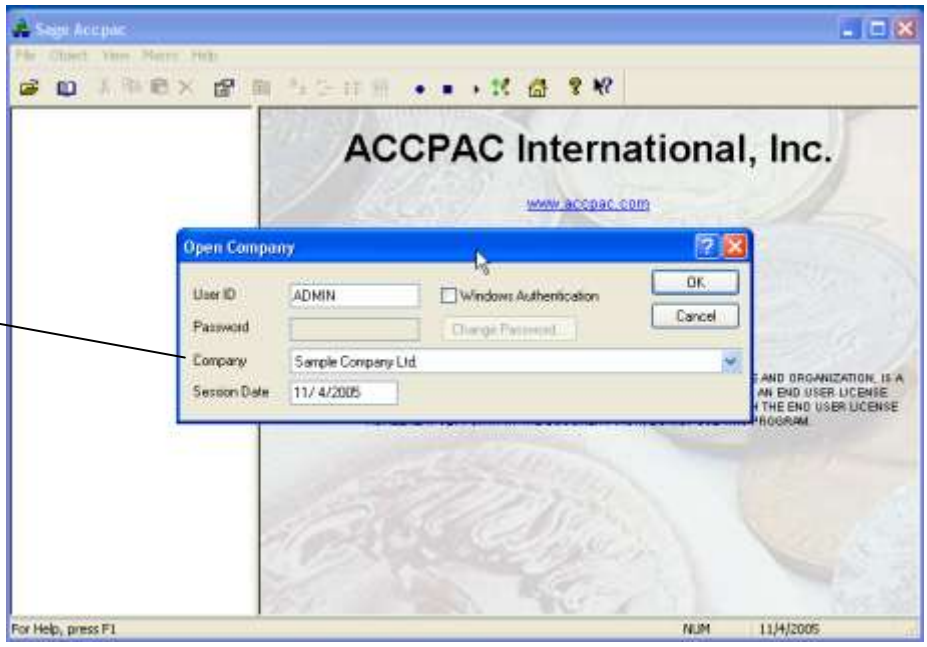
2. The Open Company sign-on window appears (Exhibit 1-5). Click the drop-down arrow to the right of the Company field to display the list of companies whose data is included for this tutorial. Sample Company Ltd. will be used for the exercises in this tutorial.

   You do not have to enter a user ID. Accept the default of ADMIN.

   See Topic 1.9 for information regarding the session date.

   Select Sample Company Ltd. from the Company drop-down list box, then click OK. Accpac displays the **company desktop**, which is an enlarged window.

EXHIBIT 1-5
Open Company sign-on window

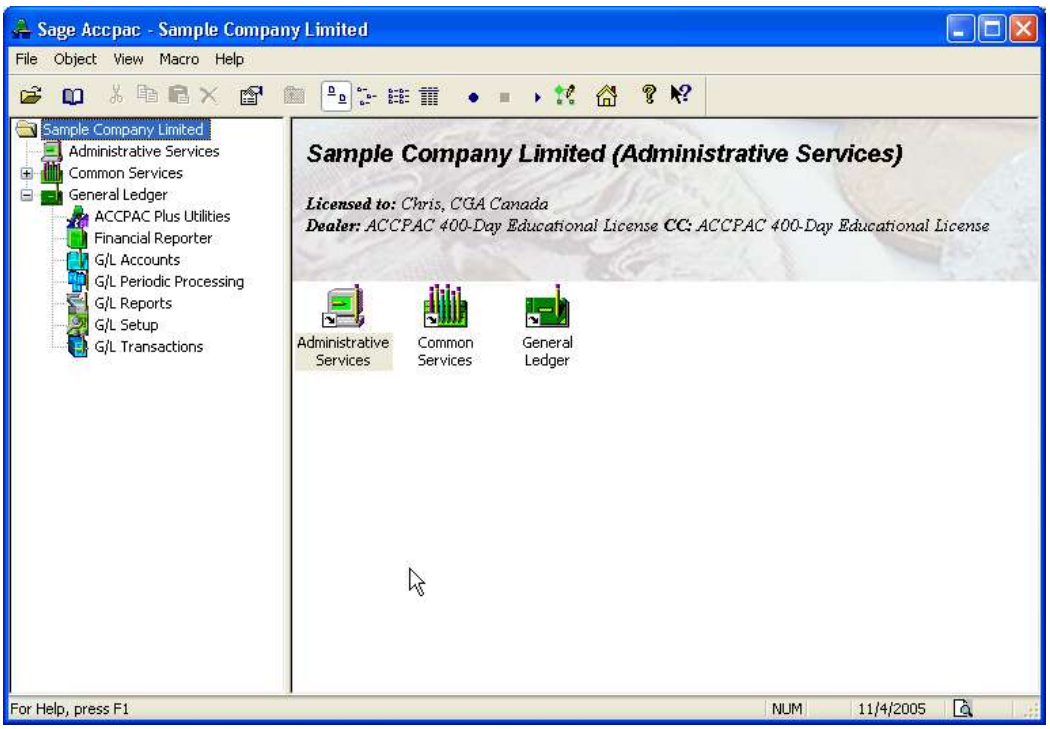


TOPIC 1.9

The company desktop

After you have selected a company, Accpac displays the company desktop (Exhibit 1-6). If it is not displayed, select "Sample Company Ltd." from the left navigation pane.

EXHIBIT 1-6
Accpac company desktop



Accpac uses a design similar to Windows Explorer. On the left-hand side is a navigation pane that shows services and the general ledger application. Within these folders are icons for specific tasks, which may be contained within a subfolder. A plus sign indicates a subfolder is contained within the folder. Clicking on the plus sign displays the subfolders. The right-hand side displays icons for the specific tasks contained within the folder selected on the left-hand side navigation pane. An icon with a curved arrow in the left corner of the icon indicates that the icon is a subfolder with tasks that can be accessed by double-clicking on the icon. If the icon does not have a curved arrow, then it is a task that can be started by double-clicking on the icon.

In Exercise 1.2, you view the chart of accounts. Before starting the exercise, set your preferred print destination by clicking File Print Destination. Click on the radio button of your choice. Preview is fine for this exercise. Click OK.

EXERCISE 1.2

Viewing the chart of accounts

1. Double-click the General Ledger icon, then the G/L Reports icon. Alternatively, you can click on G/L Reports on the left navigation pane. Then double-click the Chart of Accounts icon. The G/L Chart of Accounts Report window opens.

2. Accept all defaults by clicking Print.

3. A preview of G/L Chart of Accounts Report (Short Form) opens, displaying a list of all the accounts.

4. You have the option of printing a hard copy if you wish. For now, exit the window by clicking the Close button, then close the Chart of Accounts Report window to return to the General Ledger (Chart of Accounts) screen. Click on Sample Company Ltd. on the left navigation pane to return to the company desktop.

Session date

You enter the session date in the Open Company dialog box at the same time you select a company. The date displayed will be the Windows system date unless you entered a future date at last sign-in. In that case, the future date will be displayed. The date entered as the session date is used as the default date for transaction entries by your computer. It also determines the date on any reports you generate. However, you can select any year and period to generate reports from, or enter transactions into. For example, the date can be 2006 and you can print reports for the 2010 fiscal year as you will in this tutorial. A real-world example would have the date as 2006 generating reports from 2005 or 2004. The data sets created for this tutorial all have a fiscal year that begins on January 1, 2010.

TOPIC 1.10

Using a practice general ledger

At the end of each lesson is a set of self-testing questions. When answering these questions, it is often useful to try out some of the commands in the Accpac program. However, you may not want to risk changing the data and settings for the main part of the tutorial. There is another general ledger data set called Sample Company Inc. available for whatever further practice you require.

To use this data, select Sample Company Inc. from the Open Company window upon starting Accpac. The Open Fiscal Period is also 2010. You can use this other set of data to practise on without altering the tutorial data.

Work through the self-testing questions in the next topic before going on to Lesson 2.

TOPIC 1.11

Self-testing questions

1. Briefly describe the main features of a computerized general ledger such as Accpac General Ledger.

2. State three main differences between a computerized general ledger and a manual general ledger.

3. What is a chart of accounts? What purpose does it serve?

4. Describe the function of the Accpac company desktop.

5. "Unlike a manual accounting system, computerized accounting software does not permit errors." Comment on the accuracy of this statement.

6. Describe a batch-oriented computerized accounting system. Compare and contrast it to a direct entry system.

Exiting Accpac

To exit Accpac, click File Exit on the menu bar or click the Close button in the upper-right corner. You will return to the Windows desktop.

Working with a chart of accounts

Topic outline

2.1 Using an input window
2.2 The G/L Accounts window
2.3 Using Accpac Help
2.4 Printing an opening trial balance
2.5 Printing and reviewing the chart of accounts
2.6 Adding, modifying, and deleting accounts
2.7 Backing up the general ledger
2.8 Self-testing questions

Overview

A company's general ledger data must be organized by way of a chart of accounts before transactions can be entered and posted to the general ledger. In Topic 1.3, you reviewed how a chart of accounts is used. This lesson further describes how a chart of accounts is set up in Accpac and how accounts are managed.

Learning objectives

- Print an opening trial balance.
- Use Accpac online Help.
- Print and review the chart of accounts.
- Identify the input features on the G/L Accounts window.
- Add accounts to the chart of accounts.
- Modify the details of an account.
- Delete an account from the chart of accounts.
- Back up the general ledger data.

Starting up

1. Start Accpac 5.6A. (See Exercise 1.1 to review how to start the program.)

2. In the Open Company dialog box, select Sample Company Ltd. and click OK. The company desktop is displayed.

TOPIC 2.1

Using an input window

As you use Accpac, you will need to enter information into windows and dialog boxes. Given that Accpac is a Windows program, many standard input features such as text boxes, drop-down lists, check boxes, option buttons, and command buttons work similarly to other Windows programs. However, there are features specific to Accpac that require explanation.

Input features in the G/L Accounts window

Fields

Fields are often text boxes into which you type characters; some fields are filled out by selecting values from drop-down lists. To illustrate these fields, an input window — the G/L Accounts window — will be used.

Some fields have certain buttons to their right. These are the Finder and New buttons.

Finder button

The Finder button looks like a magnifying glass. When you click the Finder button, a window related to the field appears. This window enables you to locate specific information quickly.

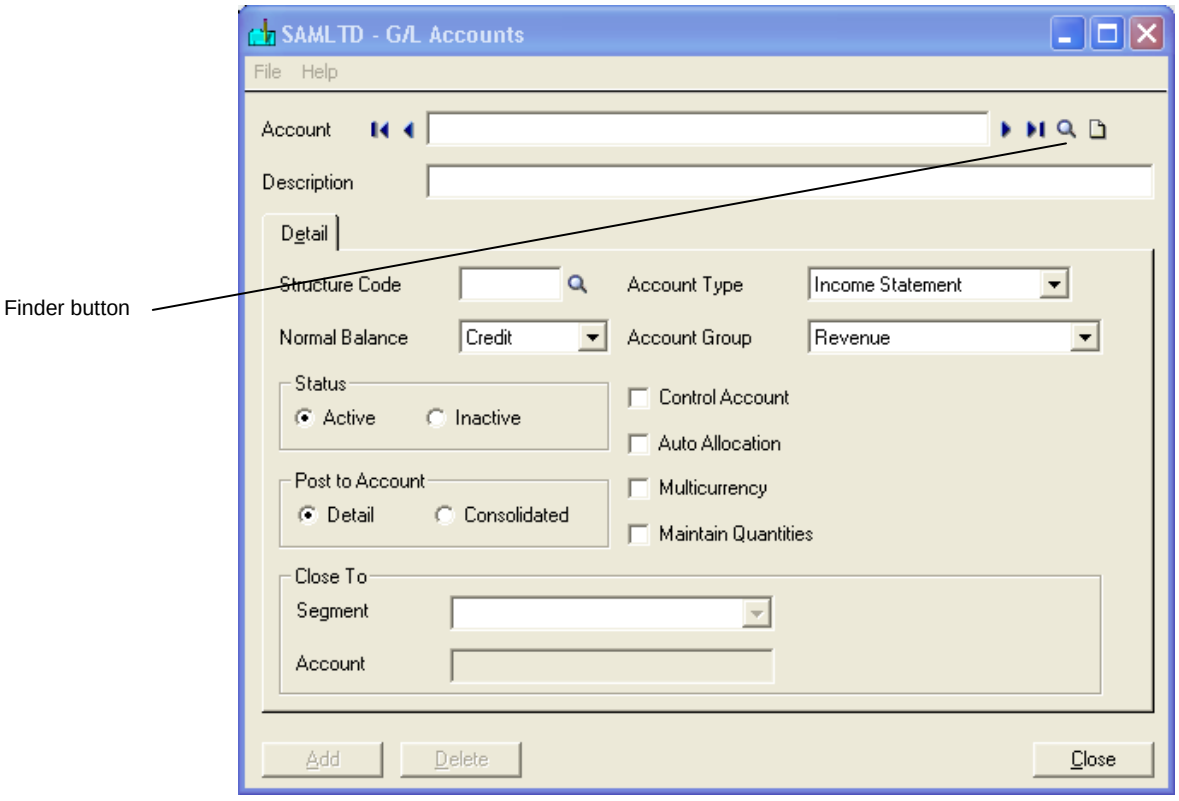
In Exercise 2.1, you will use the Finder button to locate account 1020.

EXERCISE 2.1

Using the Finder button in the G/L Accounts window

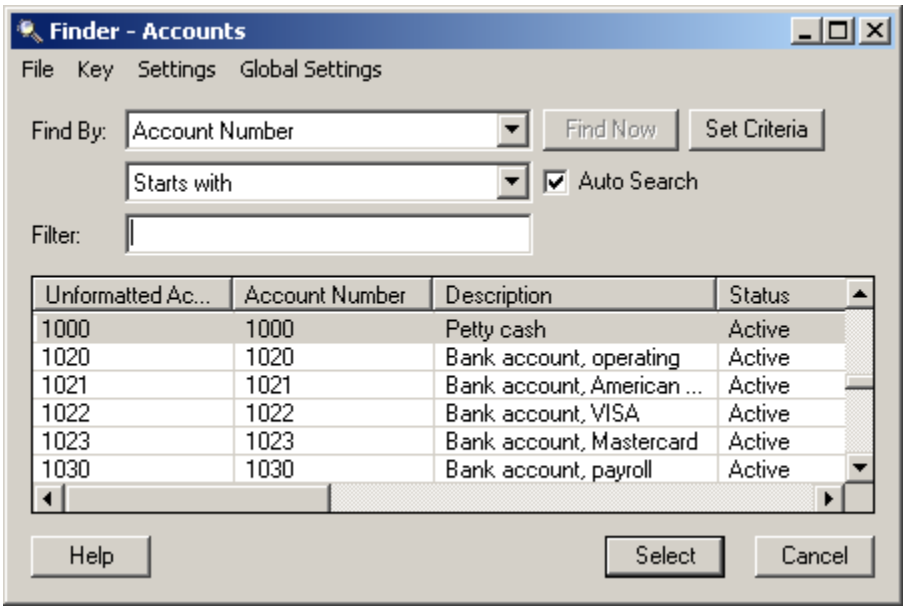
1. Click on General Ledger (on the left navigation pane) or double-click the General Ledger icon (on the right). Then select G/L Accounts (left) or double-click the icon (right). Then double-click the Accounts icon on the right. Note that your screen may appear slightly different than Exhibit 2-1 if certain options are selected (Auto allocation, for example) or if a different Account Type is selected.

EXHIBIT 2-1
G/L Accounts window



2. Click the Finder button to the right of the Account field. The Finder - Accounts window appears (Exhibit 2-2). A scrollable list of all accounts is displayed.

EXHIBIT 2-2
Finder - Accounts window



3. If you click the Find by: drop-down arrow, you can choose the column by which Accpac will conduct the search. For example, you can search by account number, description, or type. Select Description from the drop-down list.

4. If you are looking for an account in Sales, for example, you can easily find it by typing **Sales** in the Filter: field. If Auto search is checked, all the accounts with sales in the description will be shown. If not, then you must click the Find Now button to display the list.

5. Alternatively, you can enter Account number in the Find by field. Type **4000** in the Filter: field. All accounts with 4000 in the Acount number will be displayed.

6. To locate account 1020, ensure Account Number is displayed in the Find by: field. Type **1020** in the Filter: field. Account 1020 should now be displayed. Double-click on the only item in the list and Account number 1020 will be displayed in the G/L Accounts window.

New button

The New button is located to the right of the Finder button (Exhibit 2-3). It enables you to create a blank G/L Accounts window that is ready for you to input information to create a new account (as seen in Exhibit 2-1). Topic 2.6 covers the creation of new accounts.

EXHIBIT 2-3
New button

TOPIC 2.2

The G/L Accounts window

You need to know what each field in the G/L Accounts window means. With the G/L Accounts window open, read the following explanations of the fields:

Account. This field displays the alphanumeric identifier of an account in the chart of accounts. The account is usually a series of numbers set up in a segmented format. When the system utilities are first set up after starting Accpac, the system asks you to identify the account format you want to use. In this case, the sample data has been set up in the following format: XXXX-XXX-XX. Each segment, or string of numbers between the dashes, can be used to identify important information for a given business. In the Sample Company Ltd. data, for example, the first segment identifies the account number: 4000 for sales, for example. The second segment identifies the division: commercial or retail. The third segment identifies the region: Northern, Southern, Eastern, or Western. The way you use the segments depends on the needs of the organization. Some companies require geographical or departmental information, while others may want information on a product line basis.

Description. This field displays the descriptive name of an account. It may contain up to 60 characters. Use a meaningful description to easily identify the purpose of the account.

Structure Code. You select the structure for the account you are creating. The sample data has three possible structure codes: Account, Regional, and Division. For example, if you are creating a divisional account such as Sales, Commercial region, Southern division, Accpac will ensure the account code is in the format XXXX-XXX-XX. If you are creating an account that can be used by any region or division, select the Account structure code and Accpac will verify the account number format is in the form XXXX.

Account Type. Choose from the three types available: Balance Sheet, Income Statement, and Retained Earnings. You must mark at least one account as a retained earnings account.

Normal Balance. Select the normal balance of the account you are creating. For example, most asset accounts have a normal debit balance.

Account Group. Select an account group to which the account you are creating will belong. Properly assigning an account to an account group will make financial statement design and preparation much easier.

Status. Choose the status for the account. You cannot post transactions to an account marked inactive. Inactive accounts are usually marked for deletion.

Post to Account. Select how transactions will be posted to this account: either in Detail, where credits and debits are posted individually, or Consolidated, where credits and debits are netted and posted as a single amount.

Control Account. Check this option to turn the account into a control account for one or more subledgers. For example, if you have the Accounts Payable (AP) subledger, you would create the AP control account, and the transactions from the AP subledger will be posted to this account. Notice the subledger tab that appears when you select this option. This is where you would choose the subledgers that would post to this control account.

Auto Allocation. Check this option to allow you to disburse amounts posted to this account over other G/L accounts (when you use the Create Allocation Batch function). For example, head office expenses could be allocated to different divisions. Notice the Allocation tab that

appears when you select this option. This is where you would choose the accounts to which you would have amounts allocated.

Multicurrency. Select this option if the account will be using a currency other than the functional currency. Multicurrency must be allowed in the Company profile and G/L options form for this option to appear.

Maintain Quantities. Check this option to keep track of quantity as well as dollar amounts. This is usually used for inventory accounts. Notice the Units field that appears when you select this option. You have six characters to describe the type of units.

Close To. Choose the segment to use in closing if you want to close income statement accounts to multiple retained earnings accounts. For example, you may be running each of the Northern, Southern, Eastern, and Western divisions as independent profit centres, so each division would have its own retained earnings account. Only the segments that were chosen for closing (G/L options form) will appear in the drop-down box. For this field to appear, income statement must be chosen as the Account Type.

TOPIC 2.3

Using Accpac Help

Two kinds of Help are available in Accpac:

- System Manager Help
- General Ledger Help

The System Manager Help can be accessed only from the company desktop by clicking the Help command on the menu bar, then Help Topics. The General Ledger Help can only be accessed from an open window in the General Ledger. Click Help, then Contents.

Exercise 2.2 will show you both types of Help. You will probably find that most of your work is done in the general ledger, so it is a good idea to be familiar with the Help section for it.

If you are unsure about the meaning of specific terms in Accpac, see the Glossary tab which is located in the top left of the Help screen.

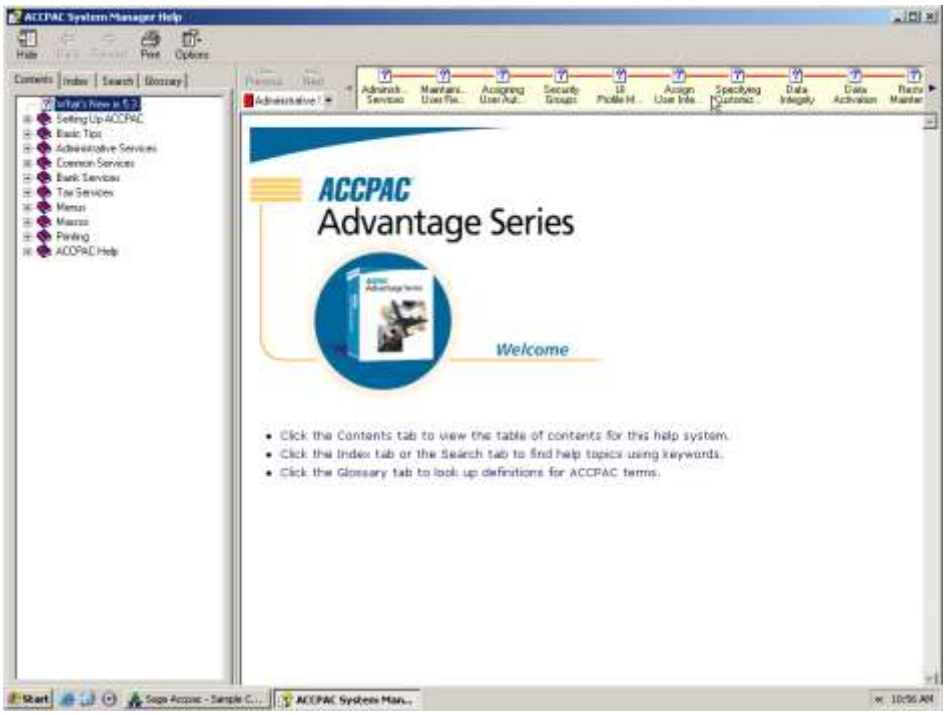
EXERCISE 2.2

Using Accpac Help

1. To access the System Manager Help, ensure you are on the company desktop (Exhibit 1-6). Then click Help, Help Topics. The Accpac System Manager Help window appears (Exhibit 2-4). Close this window when finished.

EXHIBIT 2-4

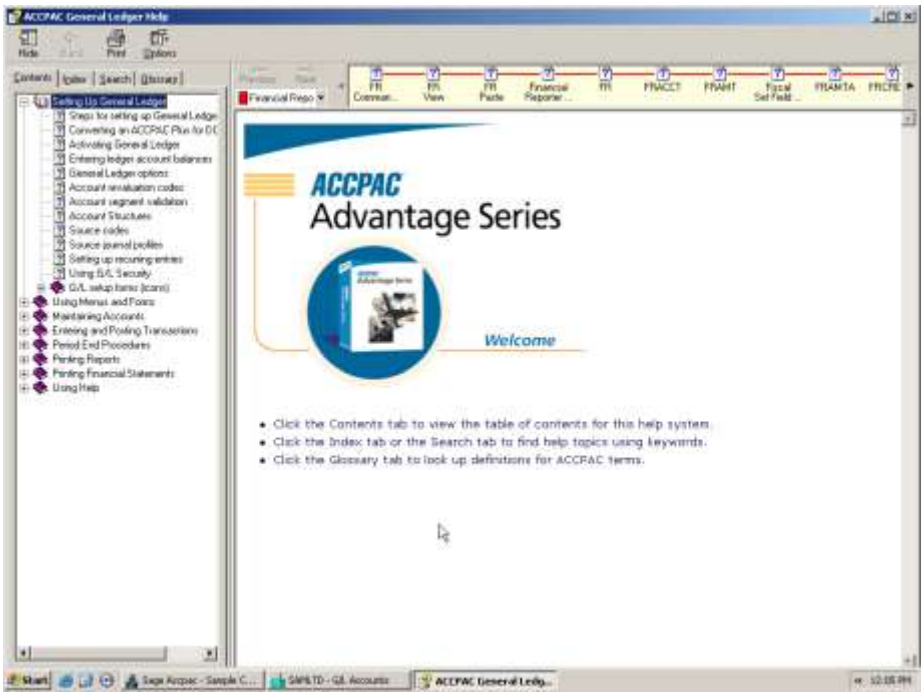
Accpac System Manager Help window


ACCPAC System Manager Help
ACCPAC
Advantage Series
Welcome
Click the Contents tab to view the table of contents for this help system.
Click the Index tab or the Search tab to find help topics using keywords.
Click the Glossary tab to look up definitions for ACCPAC terms.

2. To access General Ledger Help, you need an open General Ledger window. You can do this by clicking on any item under General Ledger on the left navigation pane, then double-clicking on any icon on the right. For example, click on G/L Accounts, then double-click the Accounts icon. Then select Help, Contents. The Accpac General Ledger Help window appears (Exhibit 2-5). Close all open windows when finished. Do not exit the program.

EXHIBIT 2-5

Accpac General Ledger Help window


ACCPAC General Ledger Help
ACCPAC
Advantage Series
Welcome
Click the Contents tab to view the table of contents for this help system.
Click the Index tab or the Search tab to find help topics using keywords.
Click the Glossary tab to look up definitions for ACCPAC terms.

System Manager Help will provide information on Accpac services that are not dependent on any particular module such as GL or AP. General Ledger Help provides information on the General Ledger module. Accpac also comes with manuals that are helpful in learning the program. They can be accessed under Help, Online Documentation. Finally, there are tutorials available on the Accpac website that covers a wide range of topics. Look for the tutorial link on the website that can be accessed by selecting Help, Sage Accpac on the web, Sage Accpac ERP Home Page.

TOPIC 2.4

Printing an opening trial balance

You need to print the opening trial balance to verify that the opening balances for fiscal year 2010 are correctly stated.

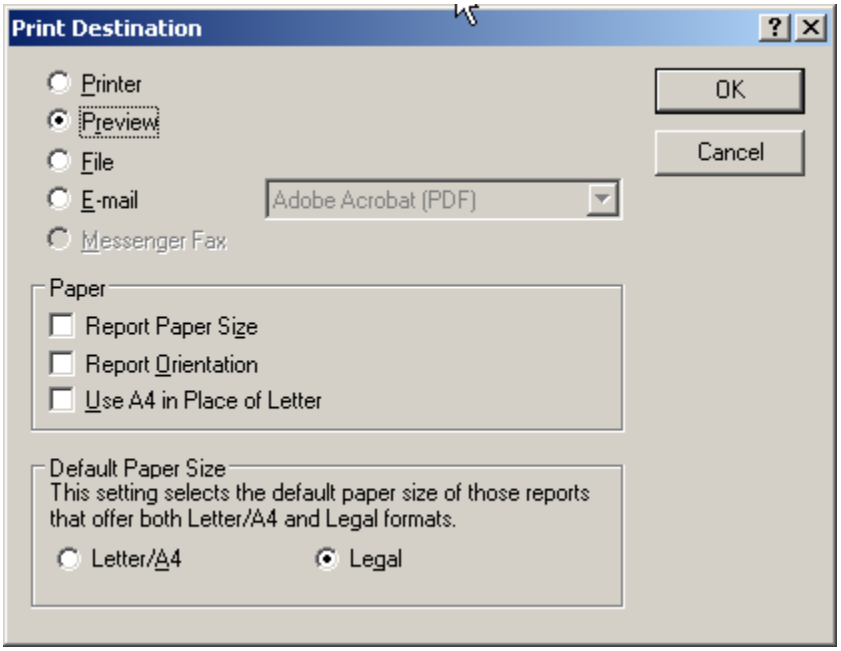
In Exercise 2.3, you will print the opening balance of Sample Company Ltd. at the beginning of fiscal year 2010.

EXERCISE 2.3

Printing the opening trial balance

1. On the menu bar, click File Print Destination. In the Print Destination dialog box (Exhibit 2-6), choose your preferred print destination. To print to the screen, choose Preview. If you want hard copy, choose Printer. Click OK.

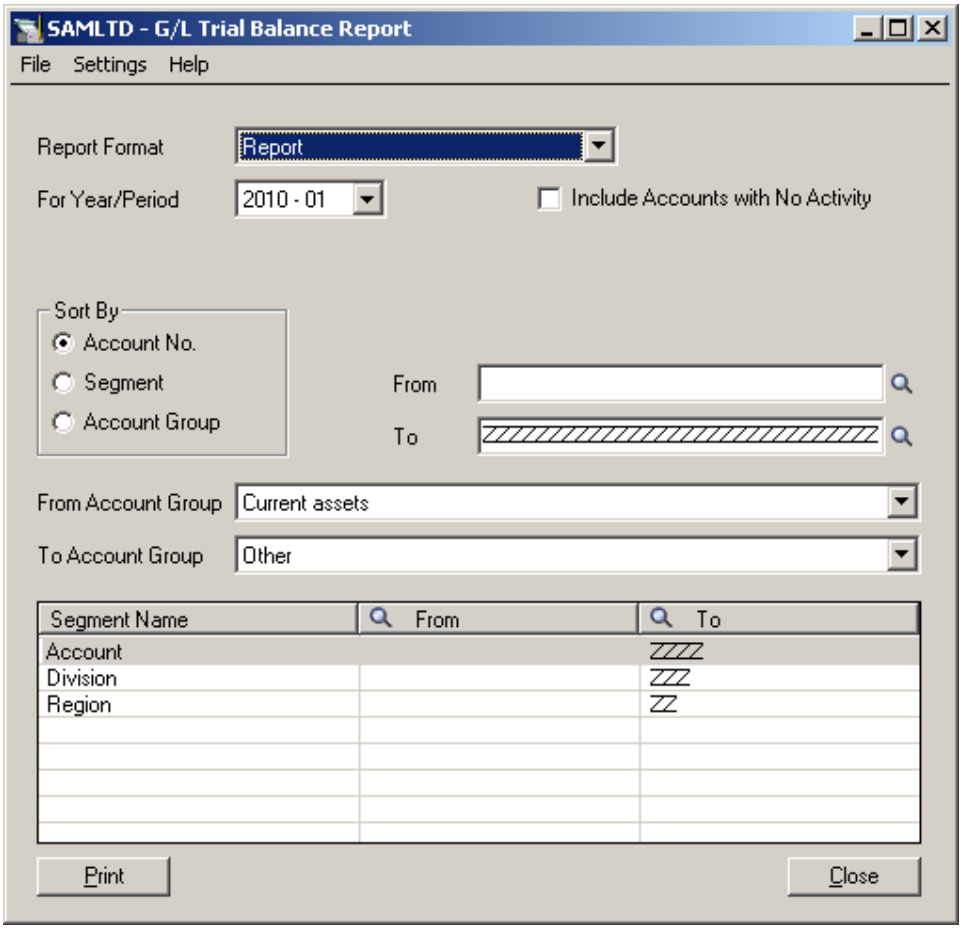
EXHIBIT 2-6
Print Destination dialog box



2. On the company desktop, click G/L Reports on the left navigation pane, then double-click the Trial Balance icon on the right.

3. In the G/L Trial Balance Report window (Exhibit 2-7), click the drop-down arrow to the right of the Report Format field and select Report.

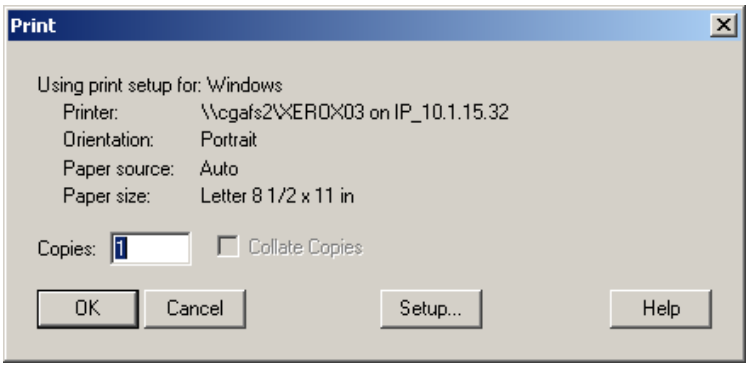
EXHIBIT 2-7
G/L Trial Balance Report window



4. In the For Year/Period field, click the drop-down arrow to change the year and period. To change to the year 2010, use the drop-down arrow to the right of the Year field. To select Period 1, click on the first row on the list (Period 1). Accept all other defaults and click Print.

5. If you selected Preview as the Print Destination, you will see the Trial Balance for Sample Company Ltd. for Period 1 2010 (Exhibit 2-9). If you selected Printer as the Print Destination, you will see the Print dialog box (Exhibit 2-8). Click OK to print the Trial Balance (Exhibit 2-9).

EXHIBIT 2-8
Print dialog box



6. Close the G/L Trial Balance Report window to return to the company desktop. Your printout of the Trial Balance should resemble Exhibit 2-9.

EXHIBIT 2-9

Sample Company Ltd. opening trial balance for 2010

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Report (GLTRLR1) — Trial Balance as of 1/31/2010

In Functional Currency

Sort By	[Account No.]
Include Accounts With No Activity	[N]
For Year-Period	[2010 - 01]
From Account No.	[ ] To [ZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZZ]
From Account Group	[Current assets] To [Other]

Account Number	Description	Debits	Credits
1000	Petty cash	10,000.00	
1020	Bank account, operating	5,667,358.19	
1030	Bank account, payroll	0.00	
1040	Bank account, US dollars	304,560.30	
1050	Bank account, Japanese yen	474,923.39	
1060	Bank account, British pounds	623,197.38	
1100	Accts receivable, intercompany	2,350,770.59	
1115	Accounts receivable, trade	27,101.15	
1150	GST receivable	6,475.00	
1190	Allowance for doubtful accts.		90,000.00
1200	Investments, short term	190,828.09	
1300	Inventory	1,375,920.81	
1400	Prepaid insurance	13,600.00	
1430	Prepaid rent	19,600.00	
1440	Prepayment, AP purchases	0.00	
1500	Furniture and fixtures	102,996.25	
1520	Equipment	659,892.54	
1550	Land	300,000.00	
1600	Acc. Amortization/Depr.		87,569.89
1620	Acc. Amort./Depr.Equipment		714,856.53
2010	Accts payable, intercompany		4,665,440.41
2015	Accounts payable, trade		24,380.02
2030	Prepayment liability		0.00
2040	Accts payable, clearing	1,359.59	
2120	EI payable		17,947.64
2130	CPP payable		83,933.38
2200	Federal tax payable		188,659.87
2300	Employee benefits payable		78,608.30
2310	Employee pension payable		52,404.93
2350	Employee deductions payable		62,886.65
2400	County sales tax payable		2,536.67
2410	State sales tax payable		811.72
2420	Corp. income taxes payable		145,985.26
2430	Canadian GST collected		64,870.60
2435	Canadian GST input tax credit	22,242.80	
2440	Provincial Sales Tax		22,380.26
2450	VAT (United Kingdom)		0.00
2460	Japanese sales / purchase tax		0.00
2500	Current portion L/T debt		106,589.36
2700	Long term debt proceeds		560,000.00
2710	Long term debt payments	300,000.00	
2900	Deferred income taxes		28,963.54
3000	Common stock		250,000.00
3200	Retained earnings		5,113,462.24
4000	Sales		280,014.85
4000-100	Sales		387,216.30
4000-200	Sales		180,765.12
4010-100-10	Sales, accessories		4,576.55
4010-100-20	Sales, accessories		6,714.44
4010-100-30	Sales, accessories		1,601.56
4010-100-40	Sales, accessories		12,163.60
4010-200-10	Sales, accessories		4,945.78
4010-200-20	Sales, accessories		5,335.13
4010-200-30	Sales, accessories		3,153.26
4010-200-40	Sales, accessories		2,664.29
4020	Sales, chairs		67,036.04
4030	Sales, desks		216,495.85
4040	Sales, cabinets		170,110.01
4050	Sales, dividers		293,604.97
4060	Sales, samples		54,701.35
4100	Sales returns and allowances	1,045.92	
4200	Delivery revenue		96,207.12
4210	Rental revenue		87,143.91

Account Number	Description	Debits	Credits
4220	Interest income		7,010.64
4230	Miscellaneous income		10,444.88
5000	Cost of goods sold	87,027.40	
5000-100	Cost of goods sold	141,849.61	
5000-200	Cost of goods sold	68,895.71	
5010-100-10	COGS, accessories	1,921.07	
5010-100-20	COGS, accessories	3,057.57	
5010-100-30	COGS, accessories	836.83	
5010-100-40	COGS, accessories	3,486.09	
5010-200-10	COGS, accessories	2,522.35	
5010-200-20	COGS, accessories	2,400.81	
5010-200-30	COGS, accessories	1,639.70	
5010-200-40	COGS, accessories	1,332.15	
5020	COGS, chairs	31,873.56	
5030	COGS, desks	104,443.37	
5040	COGS, cabinets	82,627.13	
5050	COGS, dividers	142,404.57	
5500	Cost variance	16.31	
5600	Shipment Clearing	0.00	
6000	Accounting and legal fees	4,902.05	
6020	Advertising	60,362.19	
6080	Automotive	14,760.43	
6080-100	Automotive	9,353.78	
6080-200	Automotive	8,478.63	
6120	Commissions	20,800.44	
6120-100	Commissions	22,281.47	
6120-200	Commissions	11,999.16	
6140	Delivery and distribution	26,332.71	
6160	Amortization/Depreciation	40,000.00	
6180	Donations	6,113.59	
6200-100	Dues and subscriptions	4,561.56	
6200-200	Dues and subscriptions	5,641.87	
6220	Employee benefit plan	27,093.44	
6240-100	Employee benefits, direct	11,288.94	
6240-200	Employee benefits, direct	11,288.94	
6260	Equipment lease or rent	15,414.75	
6280	Insurance	58,429.30	
6300	Interest, long term debt	1,500.00	
6360	Licenses and permits	7,564.22	
6380-100	Miscellaneous	11,006.44	
6380-200	Miscellaneous	23,857.62	
6400	Moving	10,195.64	
6500	Office supplies	0.00	
6500-100	Office supplies	18,406.62	
6500-200	Office supplies	18,073.18	
6520	Postage	24,491.35	
6540	Promotion and entertainment	91,116.22	
6560	Rent, office	72,729.58	
6580	Repairs and maintenance	22,543.12	
6600	Shipping supplies	41,812.23	
6620	Shop supplies	27,655.86	
6640	Subcontract costs	11,925.19	
6660	Traveling expenses	47,608.45	
6680	Telephone, telex, fax	14,908.47	
6680-100	Telephone, telex, fax	30,407.93	
6680-200	Telephone, telex, fax	16,138.87	
6700	Utilities	4,948.07	
6700-100	Utilities	11,304.03	
6700-200	Utilities	15,121.62	
6720-100	Wages & benefits, direct	44,737.49	
6720-200	Wages & benefits, direct	100,927.86	
6740-100	Wages & benefits, indirect	11,998.95	
6740-200	Wages & benefits, indirect	14,181.92	
6760	Wages casual, direct	19,651.95	
7100	Realized exchange gain		1.31
7110	Realized exchange loss	70.46	
9000	Corporate income taxes	8,000.00	
9999	Suspense	24,001.41	

Account Number	Description	Debits	Credits
	Total:	14,234,194.23	14,234,194.23
	Net Income (Loss) for Accounts Listed:		88,538.81

131 accounts printed

The net income for fiscal Period 1 in 2010 is $88,538.81.

TOPIC 2.5

Printing and reviewing the chart of accounts

You can view the chart of accounts on the screen or print a copy for future reference. It is a good idea to have an up-to-date printed chart of accounts at hand, particularly if there are a large number of accounts. Often, in a large company with many divisions and departments, a partial chart of accounts is printed for use by data entry clerks, who do not need to know about the chart of accounts' structure for the entire company. In Accpac you can print selected portions of the chart of accounts, which is very useful in this situation.

In Exercise 2.4, you will print the chart of accounts for Sample Company Ltd. In Topic 2.6, you will add, modify, and delete accounts from the chart of accounts.

EXERCISE 2.4

Printing the chart of accounts

1. Select your desired print destination.

2. On the company desktop, click G/L Reports on the left navigation pane, then double-click the Chart of Accounts icon on the right.

3. In the G/L Chart of Accounts Report window (Exhibit 2-10), go to the Report Format drop-down box and select Detail - Short Form. Accept all other defaults and click Print. Your Chart of Accounts report should match Exhibit 2-11.

EXHIBIT 2-10

G/L Chart of Accounts Report window

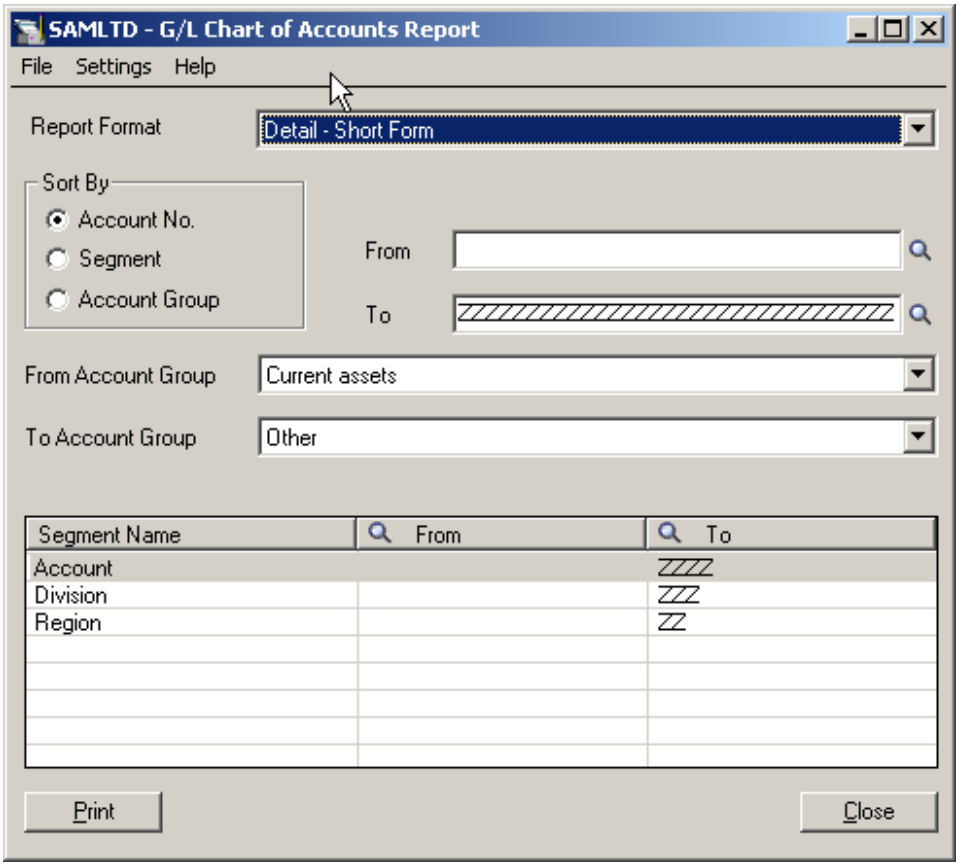

EXHIBIT 2-11

Chart of Accounts

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G/L Chart Of Accounts - Short Form (GLCHTA01)

From Account No. [ ] To [ZZZ

Account Number	Description	Status	Acct Config.	Post In	Structure Code	Cntrl. Acct.	Alloc. by	Qty.	Units
2430	Canadian GST collected	Active	B,CR,F	Detail	ACC				
2435	Canadian GST input tax credit	Active	B,CR,F	Detail	ACC				
2440	Provincial Sales Tax	Active	B,CR,F	Detail	ACC				
2445	Quebec Sales Tax	Active	B,CR,F	Detail	ACC				
2450	VAT (United Kingdom)	Active	B,CR,M	Detail	ACC				
2460	Japanese sales / purchase tax	Active	B,CR,M	Detail	ACC				
2470	Australian GST	Active	B,CR,M	Detail	ACC				
2480	Australian GST Credit	Active	B,CR,M	Detail	ACC				
2500	Current portion L/T debt	Active	B,CR,F	Detail	ACC				
2700	Long term debt proceeds	Active	B,CR,F	Detail	ACC				
2710	Long term debt payments	Active	B,DR,F	Detail	ACC				
2800	Shareholders' loans	Active	B,CR,F	Detail	ACC				
2900	Deferred income taxes	Active	B,CR,F	Detail	ACC				
3000	Common stock	Active	B,CR,F	Detail	ACC				
3100	Preferred stock	Active	B,CR,F	Detail	ACC				
3200	Retained earnings	Active	R,CR,M	Detail	ACC				
3200-100	Retained earnings	Active	R,CR,M	Detail	ACCDIV				
3200-200	Retained earnings	Active	R,CR,M	Detail	ACCDIV				
3300	Dividends	Active	B,CR,F	Detail	ACC				
3500	Unrealized exchange gain	Active	B,CR,M	Detail	ACC				
3500-200	Unrealized exchange gain	Active	B,CR,M	Detail	ACCDIV				
3510	Unrealized exchange loss	Active	B,CR,M	Detail	ACC				
3510-200	Unrealized exchange loss	Active	B,CR,M	Detail	ACCDIV				
4000	Sales	Active	I,CR,M	Detail	ACC				
4000-100	Sales	Active	I,CR,F	Detail	ACCDIV				
4000-100-10	Sales	Active	I,CR,F	Detail	REGION				
4000-100-20	Sales	Active	I,CR,F	Detail	REGION				
4000-200	Sales	Active	I,CR,F	Detail	ACCDIV				
4000-200-10	Sales	Active	I,CR,F	Detail	REGION				
4000-200-20	Sales	Active	I,CR,F	Detail	REGION				
4010	Sales, accessories	Active	I,CR,F	Detail	ACC			Yes	EACH
4010-100	Sales, accessories	Active	I,CR,F	Detail	ACCDIV			Yes	EACH
4010-100-10	Sales, accessories	Active	I,CR,M	Detail	REGION			Yes	EACH
4010-100-20	Sales, accessories	Active	I,CR,M	Detail	REGION			Yes	EACH
4010-100-30	Sales, accessories	Active	I,CR,M	Detail	REGION			Yes	EACH
4010-100-40	Sales, accessories	Active	I,CR,M	Detail	REGION			Yes	EACH
4010-200	Sales, accessories	Active	I,CR,F	Detail	ACCDIV			Yes	EACH
4010-200-10	Sales, accessories	Active	I,CR,M	Detail	REGION			Yes	EACH
4010-200-20	Sales, accessories	Active	I,CR,M	Detail	REGION			Yes	EACH
4010-200-30	Sales, accessories	Active	I,CR,M	Detail	REGION			Yes	EACH
4010-200-40	Sales, accessories	Active	I,CR,M	Detail	REGION			Yes	EACH
4020	Sales, chairs	Active	I,CR,F	Detail	ACC			Yes	EACH
4030	Sales, desks	Active	I,CR,M	Detail	ACC			Yes	EACH
4040	Sales, cabinets	Active	I,CR,F	Detail	ACC			Yes	EACH
4050	Sales, dividers	Active	I,CR,F	Detail	ACC			Yes	EACH
4060	Sales, samples	Active	I,CR,F	Detail	ACC			Yes	EACH
4070	Damaged Goods	Active	I,DR,F	Detail	ACC				
4100	Sales returns and allowances	Active	I,DR,M	Detail	ACC				
4150	Sales discount	Active	I,DR,M	Detail	ACC				
4150-100	Sales discounts	Active	I,DR,F	Detail	ACCDIV				
4150-200	Sales discounts	Active	I,DR,M	Detail	ACCDIV				
4200	Delivery revenue	Active	I,CR,M	Detail	ACC				
4210	Rental revenue	Active	I,CR,M	Detail	ACC				
4220	Interest income	Active	I,CR,M	Detail	ACC				
4230	Miscellaneous income	Active	I,CR,M	Detail	ACC				
4230-100	Miscellaneous income	Active	I,CR,M	Detail	ACCDIV				
4230-200	Miscellaneous income	Active	I,CR,M	Detail	ACCDIV				
4230-200-40	Miscellaneous income	Active	I,CR,F	Detail	REGION				
5000	Cost of goods sold	Active	I,DR,M	Detail	ACC				
5000-100	Cost of goods sold	Active	I,DR,F	Detail	ACCDIV				
5000-100-10	Cost of goods sold	Active	I,DR,F	Detail	REGION				
5000-100-20	Cost of goods sold	Active	I,DR,F	Detail	REGION				
5000-200	Cost of goods sold	Active	I,DR,F	Detail	ACCDIV				
5000-200-10	Cost of goods sold	Active	I,DR,F	Detail	REGION				
5000-200-20	Cost of goods sold	Active	I,DR,F	Detail	REGION				
5010	COGS, accessories	Active	I,DR,F	Detail	ACC				
5010-100	COGS, accessories	Active	I,DR,F	Detail	ACCDIV				
5010-100-10	COGS, accessories	Active	I,DR,M	Detail	REGION				
5010-100-20	COGS, accessories	Active	I,DR,M	Detail	REGION				

Account Number	Description	Status	Acct Config.	Post In	Structure Code	Cntrl. Acct.	Alloc. by	Qty.	Units
5010-100-30	COGS, accessories	Active	I,DR,M	Detail	REGION				
5010-100-40	COGS, accessories	Active	I,DR,M	Detail	REGION				
5010-200	COGS, accessories	Active	I,DR,F	Detail	ACCDIV				
5010-200-10	COGS, accessories	Active	I,DR,M	Detail	REGION				
5010-200-20	COGS, accessories	Active	I,DR,M	Detail	REGION				
5010-200-30	COGS, accessories	Active	I,DR,M	Detail	REGION				
5010-200-40	COGS, accessories	Active	I,DR,M	Detail	REGION				
5020	COGS, chairs	Active	I,DR,F	Detail	ACC				
5030	COGS, desks	Active	I,DR,F	Detail	ACC				
5040	COGS, cabinets	Active	I,DR,F	Detail	ACC				
5050	COGS, dividers	Active	I,DR,F	Detail	ACC				
5500	Cost variance	Active	I,DR,M	Detail	ACC				
5600	Shipment Clearing	Active	I,DR,M	Detail	ACC				
6000	Accounting and legal fees	Active	I,DR,F	Detail	ACC				
6000-100	Accounting and legal fees	Active	I,DR,F	Detail	ACCDIV				
6000-200	Accounting and legal fees	Active	I,DR,F	Detail	ACCDIV				
6010	Administrative expenses	Active	I,DR,F	Detail	ACC				
6020	Advertising	Active	I,DR,M	Detail	ACC				
6040	Amortization of leasehold	Active	I,DR,F	Detail	ACC				
6060	Amortization of org. costs	Active	I,DR,F	Detail	ACC				
6070	Disassembly Expense	Active	I,DR,F	Detail	ACC				
6080	Automotive	Active	I,DR,M	Detail	ACC				
6080-100	Automotive	Active	I,DR,M	Detail	ACCDIV				
6080-200	Automotive	Active	I,DR,M	Detail	ACCDIV				
6090	Cost Expense	Active	I,DR,F	Detail	ACC				
6100	Bad debts	Active	I,DR,M	Detail	ACC				
6110	Bank charges and errors	Active	I,DR,M	Detail	ACC				
6120	Commissions	Active	I,DR,M	Detail	ACC				
6120-100	Commissions	Active	I,DR,M	Detail	ACCDIV				
6120-200	Commissions	Active	I,DR,M	Detail	ACCDIV				
6140	Delivery and distribution	Active	I,DR,M	Detail	ACC				
6140-100	Delivery and distribution	Active	I,DR,M	Detail	ACCDIV				
6140-200	Delivery and distribution	Active	I,DR,M	Detail	ACCDIV				
6160	Amortization/Depreciation	Active	I,DR,F	Detail	ACC				
6180	Donations	Active	I,DR,F	Detail	ACC				
6200	Dues and subscriptions	Active	I,DR,F	Detail	ACC				
6200-100	Dues and subscriptions	Active	I,DR,F	Detail	ACCDIV				
6200-200	Dues and subscriptions	Active	I,DR,F	Detail	ACCDIV				
6220	Employee benefit plan	Active	I,DR,F	Detail	ACC				
6240	Employee benefits, direct	Active	I,DR,F	Detail	ACC				
6240-100	Employee benefits, direct	Active	I,DR,F	Detail	ACCDIV				
6240-200	Employee benefits, direct	Active	I,DR,F	Detail	ACCDIV				
6250	Employee benefits, allocated	Active	I,DR,F	Detail	ACC				
6250-100	Employee benefits, allocated	Active	I,DR,F	Detail	ACCDIV				
6250-200	Employee benefits, allocated	Active	I,DR,F	Detail	ACCDIV				
6260	Equipment lease or rent	Active	I,DR,M	Detail	ACC				
6280	Insurance	Active	I,DR,M	Detail	ACC				
6300	Interest, long term debt	Active	I,DR,F	Detail	ACC				
6320	Interest, other	Active	I,DR,F	Detail	ACC				
6340	Inventory adj. & w/o	Active	I,DR,F	Detail	ACC				
6350	Assembly cost credit	Active	I,DR,M	Detail	ACC				
6360	Licenses and permits	Active	I,DR,F	Detail	ACC				
6380	Miscellaneous	Active	I,DR,M	Detail	ACC				
6380-100	Miscellaneous	Active	I,DR,M	Detail	ACCDIV				
6380-200	Miscellaneous	Active	I,DR,M	Detail	ACCDIV				
6400	Moving	Active	I,DR,F	Detail	ACC				
6500	Office supplies	Active	I,DR,M	Detail	ACC				
6500-100	Office supplies	Active	I,DR,F	Detail	ACCDIV				
6500-200	Office supplies	Active	I,DR,F	Detail	ACCDIV				
6510-100	Overhead allocated	Active	I,DR,F	Detail	ACCDIV				
6510-200	Overhead allocated	Active	I,DR,F	Detail	ACCDIV				
6520	Postage	Active	I,DR,M	Detail	ACC				
6540	Promotion and entertainment	Active	I,DR,M	Detail	ACC				
6550	Purchase discounts	Active	I,CR,F	Detail	ACC				
6560	Rent, office	Active	I,DR,M	Detail	ACC				
6580	Repairs and maintenance	Active	I,DR,M	Detail	ACC				
6580-100	Repairs and maintenance	Active	I,DR,M	Detail	ACCDIV				
6580-200	Repairs and maintenance	Active	I,DR,M	Detail	ACCDIV				
6600	Shipping supplies	Active	I,DR,F	Detail	ACC				

Account Number	Description	Status	Acct Config.	Post In	Structure Code	Cntrl. Acct.	Alloc. by	Qty.	Units
6620	Shop supplies	Active	I,DR,F	Detail	ACC				
6640	Subcontract costs	Active	I,DR,F	Detail	ACC				
6660	Traveling expenses	Active	I,DR,F	Detail	ACC				
6680	Telephone, telex, fax	Active	I,DR,M	Detail	ACC				
6680-100	Telephone, telex, fax	Active	I,DR,F	Detail	ACCDIV				
6680-200	Telephone, telex, fax	Active	I,DR,F	Detail	ACCDIV				
6700	Utilities	Active	I,DR,M	Detail	ACC				
6700-100	Utilities	Active	I,DR,F	Detail	ACCDIV				
6700-200	Utilities	Active	I,DR,M	Detail	ACCDIV				
6720	Wages & benefits, direct	Active	I,DR,F	Detail	ACC				
6720-100	Wages & benefits, direct	Active	I,DR,F	Detail	ACCDIV				
6720-200	Wages & benefits, direct	Active	I,DR,F	Detail	ACCDIV				
6725	Employer taxes, direct	Active	I,DR,M	Detail	ACC				
6725-100	Employer taxes, direct	Active	I,DR,M	Detail	ACCDIV				
6725-200	Employer taxes, direct	Active	I,DR,M	Detail	ACCDIV				
6740	Wages & benefits, indirect	Active	I,DR,F	Detail	ACC				
6740-100	Wages & benefits, indirect	Active	I,DR,F	Detail	ACCDIV				
6740-200	Wages & benefits, indirect	Active	I,DR,F	Detail	ACCDIV				
6760	Wages casual, direct	Active	I,DR,F	Detail	ACC				
7100	Realized exchange gain	Active	I,CR,M	Detail	ACC				
7100-200	Realized exchange gain	Active	I,CR,M	Detail	ACCDIV				
7110	Realized exchange loss	Active	I,DR,M	Detail	ACC				
7110-200	Realized exchange loss	Active	I,DR,M	Detail	ACCDIV				
7200	Exchange rounding error	Active	I,DR,M	Detail	ACC				
7200-200	Exchange rounding error	Active	I,DR,M	Detail	ACCDIV				
8000	Disposal of assets, proceeds	Active	I,CR,F	Detail	ACC				
8000-100	Disposal of assets, proceeds	Active	I,CR,F	Detail	ACCDIV				
8000-200	Disposal of assets, proceeds	Active	I,CR,F	Detail	ACCDIV				
8100	Disposal of assets, cost	Active	I,DR,F	Detail	ACC				
8100-100	Disposal of assets, cost	Active	I,CR,F	Detail	ACCDIV				
8100-200	Disposal of assets, cost	Active	I,CR,F	Detail	ACCDIV				
9000	Corporate income taxes	Active	I,DR,F	Detail	ACC				
9100	Corp. income taxes - deferred	Active	I,CR,F	Detail	ACC				
9999	Suspense	Active	I,DR,M	Detail	ACC				

238 accounts printed

4. Review your Chart of Accounts report, noting several things:

- The date and time the printout was created is shown at the top left of the report. This date is derived from the computer system and is not dependent on the date you entered when you logged in.
- Below the title, the criteria for printing the chart of accounts are stated. If you do not see all the accounts you expected to see, this is the first place to check to confirm whether you have specified the correct criteria.
- Below the criteria is the body of the report, which includes the details of the accounts. Notice that:
  - The first column contains the account number. The account code numbers are not consecutive. For example, account 1000 is Petty cash, but the next account, account 1020, is Bank account, operating. The gap between account numbers allows you to add accounts without completely reorganizing the chart of accounts.
  - Accounts 1000 to 3300 follow the order found on a balance sheet, while accounts 3500 to 9999 follow the order found on an income statement. Although the program enables you to organize your chart of accounts as you wish, it is generally advisable to follow the order of the balance sheet and income statement.
  - The next column contains the account description, which is the account name that will appear in financial reports.
  - The next column indicates whether the account is active. Inactive accounts are usually slated for deletion. All the accounts set up should be active at this time.

- The following column displays the account configuration: B for balance sheet or I for income statement accounts, DR (debit) or CR (credit) signifies normal balance of the account, F for functional currency, and M for multicurrency.
- The Post in column then follows. This signifies whether the account will post in detail or in consolidated fashion.
- The Structure code column tells you the structure used for the account code. ACC for 4 digits, ACCDIV for 7 digits, and REGION for 9 digits.
- Cntrl. Acct. and Alloc. by indicate whether the account is a control account or an allocation account.
- Qty. and Units indicate whether the account maintains quantities.

- The number of accounts printed is shown at the bottom left of the report. This figure can help you determine if any additions or deletions occurred.

TOPIC 2.6

Adding, modifying, and deleting accounts

In Exercises 2.5, 2.6, and 2.7, you add, modify, and delete accounts from the chart of accounts.

EXERCISE 2.5

Adding accounts to the chart of accounts

Adding a new account

You can add a new account to the chart of accounts by following these steps. Each field that has a drop-down arrow provides a list of choices. Click the drop-down arrow and select an item from the list.

1. Click on G/L Accounts on the left navigation pane. Double-click on the Accounts icon on the right. The G/L Accounts window opens.
2. Enter **1035** in the Account field and press **TAB**. The cursor jumps to the Description field. Pressing ENTER does nothing as you have not entered all required fields.
3. In the Description field, type **Bank - savings**, then press **TAB**.
4. Choose a Structure Code by clicking the Finder button to the right of the structure code field. Choose ACC by clicking on it, then click Select, or simply double-click on ACC.
5. Choose Balance Sheet as the Account Type.
6. Under Normal Balance, select Debit.
7. Choose Other assets as the Account Group.
8. Ensure the status is Active, and Post to Account is Detail. The remaining four options should be unchecked.
9. Verify the information entered in steps 2 to 8, then click Add. The G/L Accounts window will clear. Account 1035 Bank - savings has been saved.
10. Keep the G/L Accounts window open for the next procedure.

Adding more new accounts

Add more new accounts to complete the chart of accounts for Sample Company Ltd.

11. Use the method illustrated in steps 2 to 9 to add the following new accounts. Accept the default unless specified below:

Account	Description	Structure Code	Account type	Normal balance	Account Group
1750	Long-term investments	ACC	Balance Sheet	Debit	Other assets
6650	Sundry	ACC	Income Statement	Debit	Cost and expenses

12. Leave the G/L Account window open for the next exercise.

EXERCISE 2.6

Modifying the details of an account

On reviewing the chart of accounts, you find that account 1035 (Bank - savings) was assigned to the Other assets account group but should have been assigned to the Current assets account group. Although it does not affect the processing of transactions and balances, it does affect the printing of financial statements. To modify this account, work through the following steps:

1. If you know the account number of the account that you want to change, enter the number in the Account field. If you do not know it, use the Finder button to display the Finder - Accounts window. Enter the appropriate information in the Find by: and Filter: fields. The G/L Account window will display the information for the Bank - savings account.

2. To change the Account group, click the drop-down arrow next to the Account Group field. Select Current assets.

3. Click the Save button to save this new information.

4. Leave the G/L Account window open for the next exercise.

You can change other details of an account using the same procedure. However, there are restrictions on modifying accounts. Here are some important ones:

- **You cannot change an account number.** However, you can create a new account and account number, and transfer the balance from an old account to the new one. If you make the old account inactive, you can delete it (see Exercise 2.7) once the account details are past the established date for maintaining details. This information would be determined by management or be based on the size of your hard drive. Some companies only maintain details for one year, while others might go back two to three years.
- **You can change the account type.** However, changing the account type from Income Statement to Balance Sheet or vice versa can cause the calculation of net income and retained earnings to be incorrect. When closing the year, the balance of an income statement account is closed to the retained earnings account, while that of a balance sheet account is carried over to the new year.

- **Some settings are permanent.** In the initial setup process, for example, you can create a format for the segmented account number. But once these formats have been set up, they cannot be changed.

In Exercise 2.7, you delete an account added in Exercise 2.5.

EXERCISE 2.7

Deleting an account

1. In the G/L Account window, click the Finder button to the right of the Account field. The Finder - Accounts window opens.
2. Click the row for account 1035, then click Select. The details of account 1035 are displayed in the G/L Account window.
3. Change the status to Inactive by clicking the radio button.
4. Click Delete to delete the account. A warning dialog box appears. Click Yes. The account is now deleted.
5. Close the G/L Account window to return to the company desktop.
6. On the menu bar, click File Exit to exit Accpac.

TOPIC 2.7

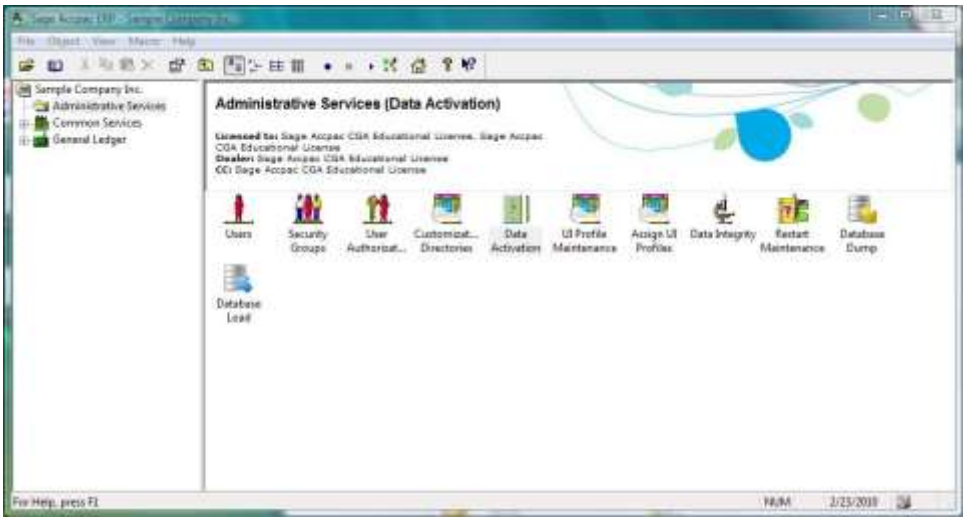
Backing up the general ledger

The purpose of a backup is to create an alternate copy of data or programs, so that in the event of a catastrophe, your files are protected. One of the fundamental principles of a backup is that it should be kept in a location different from the original data. This way, if the hard drive crashes, or the building housing the computer burns down, your backup is not affected.

Database Dump

Database Dump allows you to externally extract an Accpac data set. The data can then be stored as a type of backup, loaded into another Accpac database, or used when converting a database from one format to another.

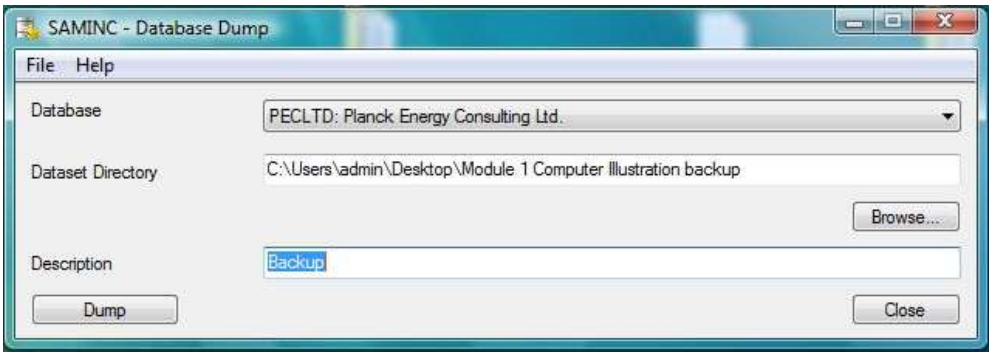
1. You will find Database Dump under Administrative Services in Accpac. Double-click the Database Dump icon.



2. On the Database Dump window, select the database from the list that you want extracted. In the Dataset Directory field, browse for or enter the location where you want to put the extracted data files (called datasets). Database Dump creates a control file (using the name of the database ID) with the filename extension ".DCT" in the folder you specify, and puts the actual extracted data in a subfolder of the same name as the DCT. **Note:** when storing extracted data you must retain both the control file and its associated subfolder in order to "load" the file in the future.

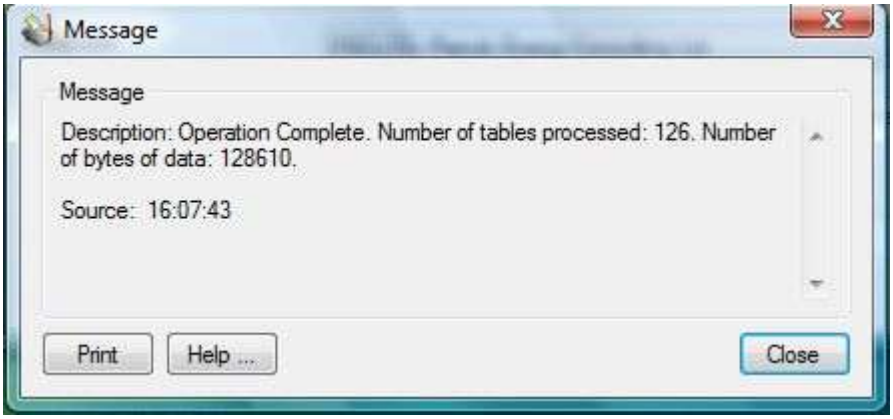
3. Click on Dump. You may get a Confirmation dialog box asking for permission to delete any existing dump files. Click OK to proceed, or cancel and change the location entered in the Set Database Directory field if you want to keep previous database dumps. Once you click on OK, Accpac will then dump the data. Enter a description that identifies the extracted dataset. The description will identify the dataset in the future when you attempt to "load" it.

EXHIBIT 2-12
Dataset Dump window



4. You should get a message box indicating the operation is complete (see Exhibit 2-13). Click on OK. Then close the Dump Accpac Data window.

EXHIBIT 2-13
Summary box



General comments

You should back up your data whenever you have done a significant amount of work. Always back up prior to posting because if something goes wrong with the posting, the data will be corrupted and you may not have a working data set. Your backup timing will depend on many factors. *Too many backups are preferable to too few.* Establish a backup plan that is both simple and easy. If it becomes too complicated, you may tend to skip backups, which invites disaster. Ask yourself how you would feel or how much work would be involved if, at this particular moment, you lost all your work. Your answer should help you realize the importance of a backup.

Many users maintain a number of "generations" of backup data. It is possible for accounting data to become corrupted, and the backup process will not detect it. (The files are readable — they just contain bad data.) For this and other reasons, many accountants follow the "three generation" rule — always keep the three newest backups of your data in sequential order. Make sure to label all data properly, and keep a detailed backup log.

TOPIC 2.8

Self-testing questions

1. Describe three ways you can enter information in the fields of an input window.

2. Explain the purpose of the following in Accpac:

   a. account number
   b. account description
   c. account type
   d. account group

3. What are the two types of accounts in a chart of accounts in Accpac? What information do these types of accounts hold? All charts of accounts must have at least one of a certain account type. Which account is it?

4. Describe how to print the chart of accounts in an Accpac general ledger.

5. State some guidelines for choosing numbers for a chart of accounts.

Managing transactions

Topic outline

3.1 Accpac journal entries and transaction batches
3.2 G/L Journal Entry window
3.3 Viewing and printing a transaction batch
3.4 Entering transactions
3.5 Modifying a transaction batch
3.6 Deleting a transaction batch
3.7 Self-testing questions

Overview

The differences between managing transactions in manual and computerized systems were described in Lesson 1. In this lesson, you will work with transactions in the Accpac computerized system. In Accpac, transactions can be entered in batches. A transaction batch is any group of transactions entered together — in other words, a pool of transactions. This lesson explains how transactions are entered and managed in Accpac.

Learning objectives

- Explain how transactions are processed.
- Distinguish between a journal entry and a transaction batch.
- View transactions on the screen.
- Code transactions and group them in a batch.
- Enter a transaction batch.
- Print a transaction batch.
- Modify a transaction batch.
- Delete a transaction batch.

Starting up

If you are continuing from Lesson 2, close all windows and return to the company desktop of Sample Company Ltd. Otherwise, start Sage Accpac ERP CGA 5.6A and, in the Open Company dialog box, select Sample Company Ltd. and click OK. The company desktop is displayed.

TOPIC 3.1

Accpac journal entries and transaction batches

When using Accpac, you are required to organize accounting events into **transactions** that are entered as journal entries. Each entry or transaction is composed of as many debits and credits as necessary to describe a complete financial transaction. The debits and credits of a transaction must balance. Each debit or credit forms a **transaction detail** within a journal entry. Thus, one journal entry contains at least two transaction details, one for the debit and the other for an offsetting credit. A number of journal entries can be grouped together into a **transaction batch**.

The following example is a three-line journal entry:

Dr. Accounts receivable	45,000.00	
Dr. Cash	1,500.00	
Cr. Sales		46,500.00

No specific rules exist on how to organize transactions into batches. Given the same set of transactions, different accountants will organize them into different batches. Although it is possible to create a batch for each transaction, it is inefficient to do so. Generally, a transaction batch should comprise all the transactions that logically group together, either because they describe related financial events, or because they occur within the same time frame (say, within the same week). In this tutorial, transactions are organized into batches predominantly by time frame.

As a general rule, enter and post a small number of batches (less than 10) at a time. Remember to back up before posting.

All transaction batches that *have not yet been posted* can be modified or deleted. Generally, a posted transaction batch cannot be modified, deleted, or removed from the general ledger. If it is necessary to undo a posted transaction, you must make a reversing entry by creating a new batch.

The batches entered do not affect the accounts and, hence, do not affect the trial balance or the financial statements *until the batches are posted*. For example, if you entered all the transactions for the period from January 1 to January 15 but did not post them, your trial balance and financial statements printed by Accpac would remain unchanged by these transactions. To make the trial balance and financial statements reflect the results of these transactions, the batches must be posted to the general ledger. Transaction posting is not automatic; you must perform the actual posting function, which is described in Lesson 4.

Error checking

Accpac checks for errors at two points: during transaction entry and during posting.

During transaction entry, the program checks for:

- a valid fiscal period
- an existing source document code
- a valid account number

During posting, the program checks for:

- a valid fiscal period
- existing source document codes
- valid account numbers
- a correct balance of total debits and credits *for the entire batch*

No accounting program can check for incorrect accounting treatment — you can still credit or debit the wrong account as long as the account number exists.

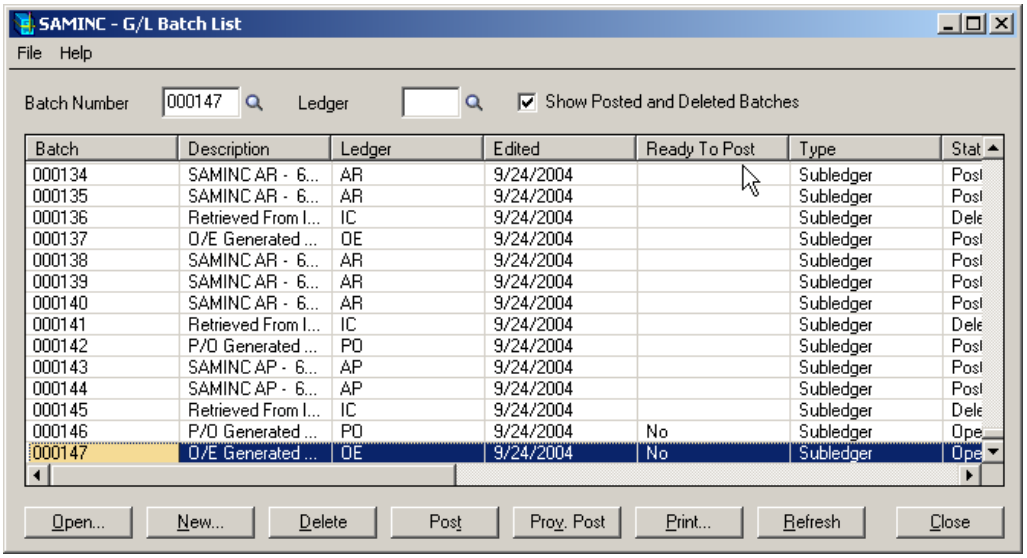
TOPIC 3.2

G/L Journal Entry window

There are two ways to access the G/L Journal Entry window. The first is through the Batch List icon, and the second is through the Journal Entry icon.

To access the G/L Journal Entry window, through the Batch List icon, click on G/L Transactions on the left navigation pane, then double-click on the Batch List icon. The G/L Batch List window opens (Exhibit 3-1).

EXHIBIT 3-1
G/L Batch List window


SAMINC - G/L Batch List
File Help
Batch Number 000147
Ledger
Show Posted and Deleted Batches
Batch | Description | Ledger | Edited | Ready To Post | Type | Stat
000134 | SAMINC AR - 6... | AR | 9/24/2004 | | Subledger | Post
000135 | SAMINC AR - 6... | AR | 9/24/2004 | | Subledger | Post
000136 | Retrieved From I... | IC | 9/24/2004 | | Subledger | Dele
000137 | O/E Generated ... | OE | 9/24/2004 | | Subledger | Post
000138 | SAMINC AR - 6... | AR | 9/24/2004 | | Subledger | Post
000139 | SAMINC AR - 6... | AR | 9/24/2004 | | Subledger | Post
000140 | SAMINC AR - 6... | AR | 9/24/2004 | | Subledger | Post
000141 | Retrieved From I... | IC | 9/24/2004 | | Subledger | Dele
000142 | P/O Generated ... | PO | 9/24/2004 | | Subledger | Post
000143 | SAMINC AP - 6... | AP | 9/24/2004 | | Subledger | Post
000144 | SAMINC AP - 6... | AP | 9/24/2004 | | Subledger | Post
000145 | Retrieved From I... | IC | 9/24/2004 | | Subledger | Dele
000146 | P/O Generated ... | PO | 9/24/2004 | No | Subledger | Ope
000147 | O/E Generated ... | OE | 9/24/2004 | No | Subledger | Ope
Open... New... Delete Post Prov. Post Print... Refresh Close

With the G/L Batch List window open, read the following explanations of the fields:

Batch Number. Once you type in a specific batch number, you can either click the Refresh button to update the list so that the desired batch is highlighted, or click the Finder button to have the Finder - Batches window open with the desired batch highlighted. Then click Select.

Ledger. Allows you to filter the list of batches by subledger (for example, AP for accounts payable).

Show Posted and Deleted Batches. Checking this box shows posted and deleted batches in the batch list.

Batch. This column shows the numbers of all batches.

Description. This column shows the description of each batch.

Ledger. This column shows which application subledger created the batch.

Edited. This column displays the date on which the batch was modified.

Ready to Post. This column shows whether the batch is ready to be posted. Double-clicking in this field changes the status.

Type. This column shows the type of batch. Possibilities include Generated, Imported, Subledger, Entered, or Recurring.

Status. This column shows the batch status. Possibilities include Ready to Post, Posted, Open, Deleted, and Provisionally posted.

Printed. This column indicates whether the batch has been printed.

Batch Total. This column contains the total of all debits in a batch.

Quantity Total. This column displays the quantity total for accounts that have had the Maintain quantities options selected.

Created. This column contains the date on which the batch was created.

Posting Seq. If the batch has been posted, this column displays the posting sequence number assigned to the batch during posting.

No. of Entries. This column displays the number of entries that are in the batch.

No. of Errors. This column contains the number of errors in the batch. The errors are found by Accpac during posting. Accpac will post the correct entries and generate a batch containing the entries with errors.

Open. Pressing this button will open the batch and the G/L Journal Entry window, which allows you to add or modify transactions. Double-clicking on an item in the batch list accomplishes this as well.

New. Clicking this button opens the G/L Journal Entry window, creating a new batch.

Delete. Clicking this button deletes the selected batch.

Post. Clicking this button posts the selected batch. The selected batch must be marked "ready to post" to avoid a warning message.

Prov. Post. Clicking this button provisionally posts the selected batch. This allows you to see the effects of the batch on the general ledger accounts, without it being permanent.

Print. Clicking this button prints the selected batch.

Refresh. Clicking this button updates the information in the list.

In Exercise 3.1, you use the fields previously explained to create a batch, which you will delete later in this lesson.

EXERCISE 3.1

Creating a batch

1. The G/L Batch List window should still be open. If not, follow the instructions at the beginning of Topic 3.2 to open it.

2. Click New. The G/L Journal Entry window opens (Exhibit 3-2).

EXHIBIT 3-2
G/L Journal Entry window

3. Leave the G/L Journal Entry window open for the next section.

The G/L Journal Entry window contains many fields. Read the following explanations of the fields to familiarize yourself with this window.

Batch. Use the New button to create a new batch, or the Finder button or the scroll buttons to search for already opened batches.

Batch Description. Type a maximum 60-character description of the batch here.

Entry. Use the New button to create a new entry, or the Finder button or the scroll buttons to search for entries. The Drill-down button allows you to find the originating transaction (only appears if the transaction came from a subledger such as AP or AR).

Entry Description. Type a maximum 60-character description of the entry here.

Date. The current session date is entered here by default. You may get a warning message if the date is outside the date range defined in the Company Profile. However, you can still process the transaction. This date will set the date for the next field, Year/Period, but it can be changed. This date is also entered in the transaction detail lines within the journal entry.

Year/Period. This field contains the year and period to which the entry will be posted, regardless of dates entered in other fields.

Source Code. Enter a source code for the transaction. There are default codes, or you can create your own. For example, CR could be for cash receipts.

Entry Mode. Two modes are available. Normal, where each field is visited in every line of the transaction detail, or Quick, where certain fields (Reference and Description) have information copied from the first detail line entered. Quick saves time by relieving you of the need to re-enter the same information more than once.

Auto Reverse. Check this option if you want to create a reversing journal entry for a transaction in the batch.

Line. Accpac automatically generates the line number of the transaction

Reference. You can enter a 60-character reference for the transaction.

Description. You can enter a 60-character description for the transaction.

Account. Enter or select an account number.

Account Description. Accpac will display the description of the account number entered.

Debit. Enter the debit amount of the transaction in this column.

Credit. Enter the credit amount of the transaction in this column.

Quantity. If the selected account maintains quantities, you can enter quantity information in this column.

Date. Enter the date for the transaction. This will not determine to which fiscal period the transaction posts.

Source Ledger. The code for the application that created the detail line will be displayed here.

Source Type. Enter the appropriate source code for the transaction.

Comment. Enter a comment to give more information concerning the transaction.

Add. Adds a journal entry to the batch. (This button changes to the Save button once a journal entry is added.)

Save. Saves changes made to a journal entry.

Delete. Deletes the current journal entry. You cannot use the deleted entry number again.

Clear. Clears all the transaction detail lines that have been entered.

Detail. Allows you to zoom into the transaction and view all fields on one screen rather than having to scroll to view.

Close. Closes the G/L Journal entry window.

The following columns appear in Multicurrency ledgers only:

- Currency
- Source Debit (instead of the Debit column)
- Source Credit (instead of the Credit column)
- Rate Type
- Rate Date
- Rate
- Functional Debit
- Functional Credit

After you have finished studying the G/L Journal Entry window, close that window, then close the G/L Batch List window to return to the company desktop.

TOPIC 3.3

Viewing and printing a transaction batch

Any batch that has not been posted can be viewed and edited. In Exercise 3.2, you will learn some methods of viewing transaction batches.

EXERCISE 3.2

Viewing a transaction batch

1. Click G/L Transactions on the left, then double-click the Batch List icon on the right.

2. In the G/L Batch List window, click the Finder button to the right of the Batch Number field to display the Finder - Batches window. Choose the batch that you wish to view by clicking the name to highlight it, then clicking Select. Double-click to open it. For this exercise, double-click batch 146.

3. The G/L Journal Entry window appears. In the Entry field, enter the number of the transaction you wish to view. Alternatively, click the Finder button to the right of the Entry field to display the Finder - Journal Headers window where you can select the journal entry you wish to view. You may need to scroll up to the top of this list. Double-click the first journal entry of this batch. The specific transaction will be displayed in the G/L Journal Entry window.

4. To view the next entry, you can either enter the following number in the Entry field or use the Finder button to select it. You can also use the left and right arrows to navigate between transactions. The entry numbers automatically increase by one as you complete entries. The program can only display one entry at a time. However, when you print a transaction batch, several entries will be displayed on a single printed page.

5. Close the G/L Journal Entry window but leave the G/L Batch List window open for the next exercise.

In Exercise 3.3, you print a batch.

EXERCISE 3.3

Printing transaction batches

Printing from the G/L Batch List window

1. In the G/L Batch List window, select batch 146, then click Print. The G/L Batch Listing Report window opens.

2. Ensure you have chosen your preferred print destination. Accept all defaults and click Print again.

The printed report is called a G/L Batch Listing. The listing for batch 146 is shown in Exhibit 3-3 with the print option set as landscape.

EXHIBIT 3-3
Batch Listing for batch 146

1/10/2006 11:44:21AM — Sample Company Limited — Page 1
G/L Batch Listing - In Functional Currency (GLBCHL01)

From Batch Number	[000146] To [000146]
From Source Ledger	[PO] To [PO]
From Creation Date	[6/30/2010] To [6/30/2010]
Include Printed Batches	[Yes]
Status	[Open, Posted, Prov. Posted, Ready To Post]
Type	[Entered, Subledger, Imported, Generated, Recurring]

Srce.	Trans Date	Reference	Description	Account Number		Debits	Credits	Quantity	UOM
Batch Number:	146	P/O Generated Batch							
Creation Date:	6/30/2010	Status: Open		Type: Subledger					
Entry Number:	00001								
Entry Date:	6/30/2010	Year-Prd.: 2010-06							
PO-RC	6/30/2010	RCP00000073	Jun 2010 receipt - 1200	1300		350.48			
PO-RC	6/30/2010	RCP00000073	Jun 2010 receipt - 1200	2040			350.48		
					Entry Total:	350.48	350.48		
Entry Number:	00002								
Entry Date:	6/30/2010	Year-Prd.: 2010-06							
PO-RC	6/30/2010	RCP00000074	Jun 2010 receipt - 1350	1300		219.63			
PO-RC	6/30/2010	RCP00000074	Jun 2010 receipt - 1350	2040			219.63		
					Entry Total:	219.63	219.63		
Entry Number:	00003								
Entry Date:	6/30/2010	Year-Prd.: 2010-06							
PO-RC	6/30/2010	RCP00000075	Jun 2010 receipt - 7100	1300		422.68			
PO-RC	6/30/2010	RCP00000075	Jun 2010 receipt - 7100	2040			422.68		
					Entry Total:	422.68	422.68		
Entry Number:	00004								
Entry Date:	6/30/2010	Year-Prd.: 2010-06							
PO-RC	6/30/2010	RCP00000076	Jun 2010 receipt - 7300	1300		166.43			
PO-RC	6/30/2010	RCP00000076	Jun 2010 receipt - 7300	2040			166.43		
					Entry Total:	166.43	166.43		
Entry Number:	00005								
Entry Date:	6/30/2010	Year-Prd.: 2010-06							
PO-RC	6/30/2010	RCP00000077	Jun 2010 receipt - 7400	1300		208.02			
PO-RC	6/30/2010	RCP00000077	Jun 2010 receipt - 7400	2040			208.02		

Srce.	Trans Date	Reference	Description	Account Number		Debits	Credits	Quantity	UOM
					Entry Total:	208.02	208.02		
Entry Number: 00006									
Entry Date: 6/30/2010		Year-Prd.: 2010-06							
PO-RC	6/30/2010	RCP00000078	Jun 2010 receipt - 1200	1300		438.12			
PO-RC	6/30/2010	RCP00000078	Jun 2010 receipt - 1200	2040			438.12		
					Entry Total:	438.12	438.12		
Entry Number: 00007									
Entry Date: 6/30/2010		Year-Prd.: 2010-06							
PO-RC	6/30/2010	RCP00000079	Jun 2010 receipt - 1200	1300		183.03			
PO-RC	6/30/2010	RCP00000079	Jun 2010 receipt - 1200	2040			183.03		
					Entry Total:	183.03	183.03		
Entry Number: 00008									
Entry Date: 6/30/2010		Year-Prd.: 2010-06							
PO-IN	6/30/2010	IN120151	Jun 2010 receipt - 1200	1300		11.92			
PO-IN	6/30/2010	IN120151	Jun 2010 receipt - 1200	2040			11.92		
PO-IN	6/30/2010	IN120151	^un 2010 receipt - 1200	1300					
PO-IN	6/30/2010	IN120151	^un 2010 receipt - 1200	1300		8.97			
PO-IN	6/30/2010	IN120151	^un 2010 receipt - 1200	2040					
PO-IN	6/30/2010	IN120151	^un 2010 receipt - 1200	2040			8.97		
PO-IN	6/30/2010	IN120151	Jun 2010 receipt - 1200	1300		3.98			
PO-IN	6/30/2010	IN120151	Jun 2010 receipt - 1200	2040			3.98		
PO-IN	6/30/2010	IN120151	Jun 2010 receipt - 1200	1300		3.76			
PO-IN	6/30/2010	IN120151	Jun 2010 receipt - 1200	2040			3.76		
					Entry Total:	28.63	28.63		
					Batch Total:	2,017.02	2,017.02		

8 entries printed
1 batch printed

Study the report and notice the following:

- The date shown in the upper-left corner is the system date from your computer based on when the report was printed.
- A total is calculated for each entry. The total for the entire batch appears beside Batch Total.
- In batch 146, the source codes begin with PO or Purchase Order, one of many subledgers available for use with Sage Accpac ERP. There are many source codes available with the General Ledger or you can create your own. Either way, they would begin with G/L to denote the General Ledger.

TOPIC 3.4

Entering transactions

So far you have studied the various information needed to create transaction batches. In this topic, you see how batches, entries, and lines are actually entered.

Sample Company Ltd. has entered into the following transactions that need to be recorded.

Your entries should resemble the following:

BATCH 148 ENTRIES 1-3

Date	Line	Source Code	Account Description	Account	Dr.	Cr.
12/30/2010	1	JE	Land	1550	300,000	
	2	JE	Bank - operating	1020		300,000
12/30/2010	1	JE	Inventory	1300	50,000	
	2	JE	Accounts payable	2015		50,000
12/30/2010	1	JE	Bank - operating	1020	42,000	
	2	JE	COGS, chairs	5020	15,000	
	3	JE	Sales, chairs	4020		42,000
	4	JE	Inventory	1300		15,000

BATCH 149 ENTRY 1

Date	Line	Source Code	Account Description	Account	Dr.	Cr.
12/30/2010	1	JE	Promotion	6540	7,000	
	2	JE	Bank - operating	1020		7,000

In Exercise 3.4, you enter this information in Accpac.

EXERCISE 3.4

Entering transactions

1. Click G/L Transactions on the left, then double-click the Batch List icon on the right. The G/L Batch List window opens. Click New. The G/L Journal Entry window opens with 148 in the Batch field.

2. In the Batch Description field, type **LATE DEC ENTRIES** as the batch description.

3. In the Entry Description field, enter a description of the transaction. The description should be detailed enough to identify the transaction. For the first entry, type **bought land**.

4. Enter the correct date in the Date field and ensure 2010-12 appears in the Year/Period field. Depending on your session date (entered when signing on) you may get a warning message about being outside the range as defined in the company profile. The default range is 30 days. Click Yes to proceed.

5. Choose the appropriate source code. For all transactions, enter or select GL-JE.

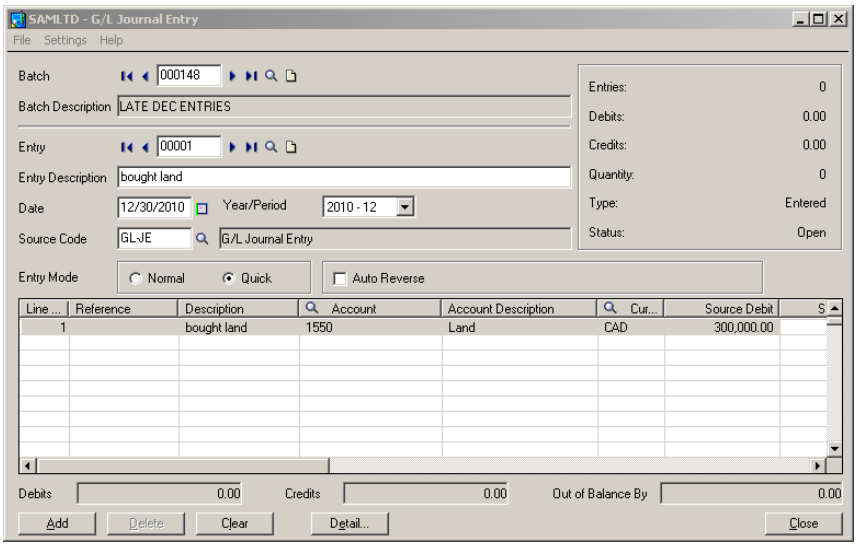
6. Click anywhere in the detail section and notice the Line number is automatically displayed. Every time you enter a detail line, the Line number automatically increases.

7. In the Reference field, a reference to a supporting document such as the cheque number used should be entered. A description of the transaction should be entered in the Description field.

8. In the Account field, you can directly enter the account number by typing it into the field. If the account number you want to enter does not exist in the chart of accounts, you will have to enter it into the chart of accounts first. If you do not know the account number, click the Finder button to the left of the word Account. Enter **1550** as the account number.

9. Pressing **ENTER** or **TAB** automatically advances you to the Debit field. For the Land account, you have been advanced to the Debit column (Source Debit as this company uses multicurrency) in which you need to enter **300,000**, then press **TAB**. The G/L Journal Entry window should look like Exhibit 3-4.

EXHIBIT 3-4
G/L Journal Entry window for batch 148



10. Pressing **TAB** after entering the debit amount has advanced you to the Credit (Source Credit) column. You need to press **INSERT** to create the next line of the journal entry.

11. Repeat steps 8 to 10 for the next detail line, entering the appropriate account number and amount.

12. The finished entry should look like Exhibit 3-5. Click Add. The entry will clear and the journal entry number will advance by one.

EXHIBIT 3-5
G/L Journal Entry window for batch 148

13. Enter the remaining two transactions for Batch 148, then create a new batch and enter the last entry.

14. Close the G/L Journal Entry window but leave the G/L Batch List window open for the next exercise.

TOPIC 3.5

Modifying a transaction batch

You have been informed that batches 148 and 149 contain some wrong information that must be corrected. You fix these errors in Exercises 3.5 and 3.6.

EXERCISE 3.5

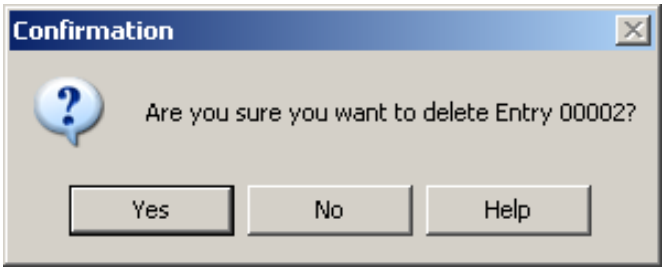
Deleting an entry in a transaction batch

1. In the G/L Batch List window, double-click batch 148.

2. Click the Finder button to the right of the Entry field and double-click entry 2.

3. Click Delete to delete entry 2. A confirmation box opens (Exhibit 3-6). Click Yes to confirm that you want entry 2 to be deleted.

EXHIBIT 3-6
G/L Journal entry delete confirmation box



4. Leave the G/L Journal Entry window open for the next exercise.

EXERCISE 3.6

Modifying an entry in a transaction batch

In entry 3 of batch 148, a sale was recorded. However, the wrong accounts were used.

Correct the entry by following these steps:

1. In the G/L Journal Entry window, click the Finder button to the right of the Entry field to locate entry 3, or type **3** in the field and press **TAB** to display that entry in the window.

2. The second detail line contains account 5020. Click the Account column on that line. Enter **5030**, then press **TAB**.

3. Click the Account field in the third detail line and change 4020 to 4030. Press **TAB** or **ENTER**.

4. Click Save to save the changes.

5. Close the G/L Journal Entry window but leave the G/L Batch List window open for the next exercise.

TOPIC 3.6

Deleting a transaction batch

When there are many errors in a transaction batch, it may be simpler to delete the entire batch and start over rather than edit the batch. You cannot re-use a deleted batch number.

As a precaution, before you delete one or more batches of transactions, you should back up your entire general ledger. The reasons for regular backups have already been explained (see Lesson 2). If you make a mistake in specifying the batch to be deleted, there is no means of recovering the data except from your backup. Without a backup, you would need to enter the data again.

Remember that you can only delete a batch that has not been permanently posted. Posting is explained in Lesson 4. In Exercise 3.7, you open a batch that you previously created and delete it.

EXERCISE 3.7

Deleting a transaction batch

1. In the G/L Batch List window, click batch 149 or search for it using the Finder button.

2. Click Delete at the bottom of the G/L Batch List window. A confirmation box appears, confirming that you want to delete the batch (Exhibit 3-7).

EXHIBIT 3-7
Batch delete confirmation box

3. In the confirmation box, click Yes. If you delete a batch by accident and want to recover it, your only options are to restore it from backup or to re-enter the batch.

3. Close the G/L Batch List window to return to the company desktop.

TOPIC 3.7

Self-testing questions

1. What is a journal entry in Accpac? Must the total debit amount equal the total credit amount in a journal entry?

2. How are transaction entries entered into Accpac? What are transaction batches? Give an example.

3. Describe how you would record the following event for fiscal period 7 in 2010, in a new batch (source document code is CD; reference is Salaries Chq #412):

Dr. Salaries	$ 11,000.00	
Cr. Bank		$ 11,000.00

4. With the entry in Question 3, suppose the credit amount to the Bank account should only be $10,000 and the balance is for a liability account. Describe how you would modify the entry.

5. Describe how you would change a debit entry of a transaction that has been entered (but not posted) into a transaction batch to a credit entry.

6. Describe how you would print a specific batch.

Exit Accpac if you are not planning on proceeding to Lesson 4 now.

LESSON 4

Posting transaction batches

Topic outline

4.1 Batch status
4.2 Backing up before posting
4.3 Individual posting of batches
4.4 Range posting of batches
4.5 Correcting transaction errors after posting
4.6 Self-testing questions

Overview

In Lesson 3, you practised how to enter, modify, and delete transaction batches. In this lesson, you learn how to post batches. You also learn how to correct transactions after they have been posted and how to delete account numbers.

Learning objectives

- Check a batch status.
- Post transaction batches.
- Correct transaction errors after posting.
- Delete an account number.

Starting up

If you are continuing from Lesson 3, close all windows and return to the company desktop of Sample Company Ltd., then proceed directly to Topic 4.1. Otherwise:

1. Start Sage Accpac ERP CGA 5.6A.

2. In the Open Company dialog box, select Sample Company Ltd. and click OK. The company desktop is displayed.

TOPIC 4.1

Batch status

Various batches of transactions may exist at the same time within the program, yet be at a different status. Some may be recently entered, while others may have been printed or deleted. To find out the status of transaction batches, double-click the Batch List icon after clicking the G/L Transactions item on the left navigation pane. It is also possible to print a Batch Status report. By clicking the Show Posted and Deleted Batches check box, you can see all batches regardless of status. You would not be able to see details of a deleted batch.

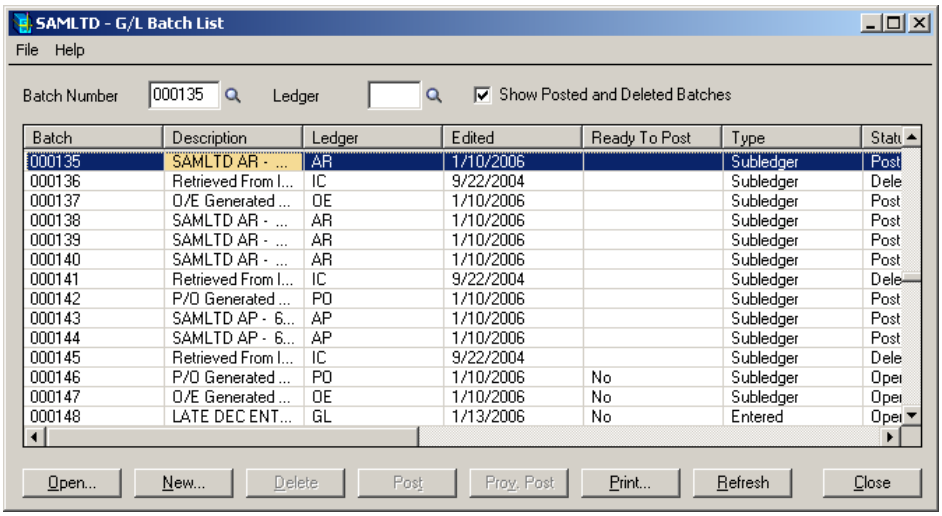
In Exercise 4.1, you view the G/L Batch List before posting the transaction batches.

EXERCISE 4.1

Viewing a batch status

1. Click G/L Transactions on the left navigation pane, then double-click the Batch List icon on the right. The G/L Batch List window is displayed (Exhibit 4-1).

EXHIBIT 4-1
G/L Batch List window


SAMLTD - G/L Batch List
File Help
Batch Number 000135
Ledger
Show Posted and Deleted Batches
Batch Description Ledger Edited Ready To Post Type Stat
000135 SAMLTD AR - ... AR 1/10/2006 Subledger Post
000136 Retrieved From I... IC 9/22/2004 Subledger Dele
000137 O/E Generated ... OE 1/10/2006 Subledger Post
000138 SAMLTD AR - ... AR 1/10/2006 Subledger Post
000139 SAMLTD AR - ... AR 1/10/2006 Subledger Post
000140 SAMLTD AR - ... AR 1/10/2006 Subledger Post
000141 Retrieved From I... IC 9/22/2004 Subledger Dele
000142 P/O Generated ... PO 1/10/2006 Subledger Post
000143 SAMLTD AP - 6... AP 1/10/2006 Subledger Post
000144 SAMLTD AP - 6... AP 1/10/2006 Subledger Post
000145 Retrieved From I... IC 9/22/2004 Subledger Dele
000146 P/O Generated ... PO 1/10/2006 No Subledger Oper
000147 O/E Generated ... OE 1/10/2006 No Subledger Oper
000148 LATE DEC ENT... GL 1/13/2006 No Entered Oper
Open... New... Delete Post Prov. Post Print... Refresh Close

2. In the G/L Batch List window, you can view the list of batches. You can specify whether you want to view posted or deleted batches by selecting Show Posted and Deleted Batches.

3. Before you can post a batch, the Ready To Post field must be set to Yes. Double-clicking this field toggles it from Yes to No and back again.

4. Double-click on any batch (other than a deleted batch) to view the entries within the batch.

TOPIC 4.2

Backing up before posting

This topic expands on the importance of doing a backup before posting. The reasons are:

- **Risk of data loss.** During the posting operation, many files are being opened, updated, and closed. Any interruption to this process (a power failure, for example) may corrupt the data and render the data files useless.

- **Need to restore previous data.** Sometimes it is helpful to restore previous data because a series of accounting errors have been made, and it is simpler to start over.

Just before posting, the program recommends that you do a backup. Follow this suggestion and back up the data files before proceeding to the next topic.

TOPIC 4.3

Individual posting of batches

In Accpac there are several methods of posting batches. The simplest method is individual batch posting. It enables you to post batches one at a time.

In Accpac, it is possible to set up a large number of user types on the system. This will enable a manager to restrict access to various tasks and windows. For example, a data entry clerk can be given access only to the data entry windows. This control is particularly useful when it comes to posting batches.

In Exercise 4.2, you post one batch at a time using the G/L Batch List window.

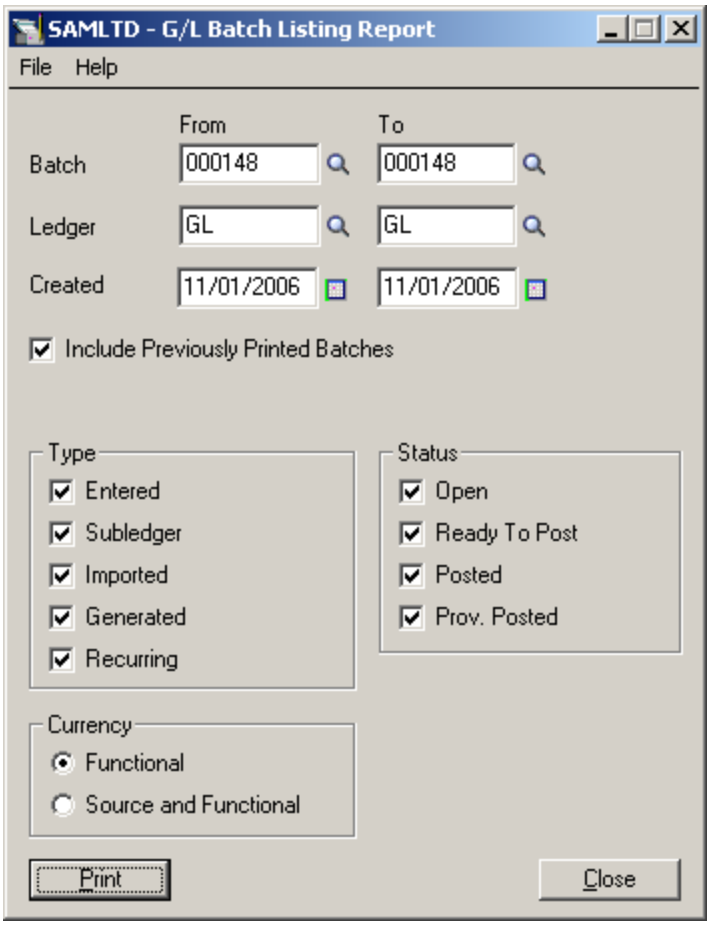
EXERCISE 4.2

Individual posting of batches

1. In the G/L Batch List window, use the Finder button to identify and display the batch you want to post. For this exercise, select batch 148.

2. Select your preferred print destination using File, Print Destination. To print the G/L Batch Listing, click Print. The G/L Batch Listing Report window opens (Exhibit 4-2). Change the criteria or accept all defaults. Click Print.

EXHIBIT 4-2
G/L Batch Listing Report window



3. In the G/L Batch List window, click Post. The batch is now posted to the general ledger.

4. Leave the G/L Batch List window open.

TOPIC 4.4

Range posting of batches

Range posting of batches enables you to post all batches available or to post a range of batches. The Post Batches icon is used to post batches already marked as Ready To Post (through the G/L Batch List icon). You must print batches first if the Forced Listing of Batches option is selected before using Post Batches.

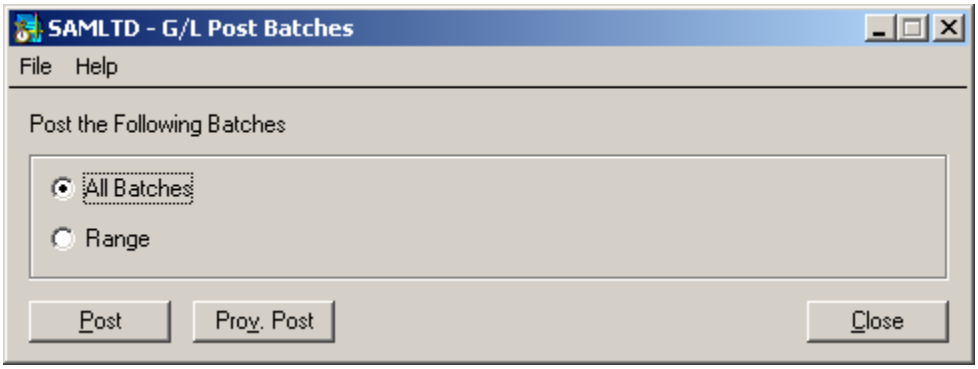
As illustrated in Exercise 4.2, you can click the Post button in the G/L Batch List window to post a selected batch. However, with this method you can only post one batch at a time. In Exercise 4.3, you use another method to post a range of batches.

EXERCISE 4.3

Range posting of batches

1. Ensure batches 146-147 are marked Ready To Post in the G/L Batch List window by double-clicking this field so that the word "Yes" appears. Print the batches if necessary. Close the window.

2. Double-click the Post Batches icon on the G/L Transactions window. The G/L Post Batches window opens (Exhibit 4-3).



3. You can leave All Batches selected (Batches 146-147 are the only open, ready to post batches) or select Range and specify 146 and 147 in the From and To fields respectively.

4. Click Post. Both batches are posted to the general ledger.

Correcting transaction errors after posting

Once transactions are posted to the general ledger, you generally cannot delete or modify them. As noted previously, if a transaction does not balance, it will not be posted to the general ledger. Accpac is designed so that you cannot enter a non-existing account number into a transaction batch, thus further reducing the chance of error.

In Accpac, if you create a batch that does not balance, the program will save it. If you try to post the batch, it will look like the program is posting the entry, but it is not. Instead, the program creates a new batch (an error batch) containing the entries with errors for you to review and fix.

If you try to enter a transaction with an account number that is not part of your chart of accounts, the program prompts you to add the account.

Common posting errors

Although a batch of transactions may *appear* correct to Accpac, it is possible to misclassify transactions. A common mistake is debiting or crediting a wrong account in the general ledger. For example, instead of debiting account 1000 (Petty cash), a similar account 1100 (Bank) could be debited. In this case, because Accpac could not detect that a misclassification had occurred, the transaction would be posted.

Another common mistake is to place transactions in the wrong fiscal period. You can post to any open period. This can be particularly treacherous during the year-end period, when it is possible to enter transactions into both the current year and the next year. If you make a mistake in specifying the Year/Period, Accpac will not be able to detect the mis-specification and will post the transaction to the chosen period, provided that the specified fiscal period is open for posting. (See Lesson 7 for details on how fiscal periods can be closed or opened.)

As stated previously, you are generally not able to edit or delete transactions after they are posted to the general ledger. To correct an entry posted in error, you need to enter an adjusting entry to achieve the desired effect, or reverse the whole entry and enter a new one. With Accpac, you are now able to reverse a posted transaction. You would then have to re-enter a corrected transaction.

Correcting transaction errors after posting

Suppose the purchase of a plant (land and building) was recorded as follows:

Land	30,000	
Building	57,000	
GST payable	6,090	
Mortgage payable		77,000
Bank		16,090

The entire $77,000 would be posted to Mortgage payable. However, assume that the $77,000 mortgage consisted of two components — a first mortgage of $67,000 at 12% and a note payable of $10,000 at 14%. In order to rectify the entry, you have two alternatives: (a) make an adjusting entry, or (b) reverse the entry and enter the correct one.

Alternative A: Make an adjusting entry

In this alternative, $10,000 is moved from Mortgage payable to Notes payable, leaving the other lines in the original batch unaffected.

Alternative B: Reverse the entry and enter the correct one

In this alternative, the first entry reverses the entire entry previously entered and the second entry provides the correct transaction lines.

Land		30,000
Building		57,000
GST payable		6,090
Mortgage payable	77,000	
Bank	16,090	
Land	30,000	
Building	57,000	
GST payable	6,090	
Mortgage payable		67,000
Notes payable		10,000
Bank		16,090

Both alternatives have their advantages: Alternative A provides a simple way to arrive at the correct net balances, whereas Alternative B provides a more complete and detailed audit trail.

TOPIC 4.6

Self-testing questions

1. Why should you back up your general ledger before posting transaction batches?

2. What would happen to the posting process if one of the unposted transaction entries in a batch contained an error?

3. Can you edit the transactions in a transaction batch that has been posted?

4. After posting all open transaction batches to your general ledger, you discover that the amount debited against Accounts receivable and credited against Revenue has been overstated by $500. How would you correct this error? The original amount posted to these accounts was $1,800.

Exit Accpac if you are not planning on proceeding to Lesson 5 now.

LESSON 5

Printing reports and making adjusting entries

Topic outline

5.1 G/L reports
5.2 Printing a transactions listing
5.3 Printing a trial balance
5.4 Adjusting entries
5.5 Making an adjustment to a prior period
5.6 Self-testing questions

Overview

After you have entered and posted transactions in Accpac, you will need to report on the results. Accpac provides extensive built-in reports to accomplish this task. In this lesson, you print certain important reports and make adjusting entries.

Learning objectives

- Print various financial reports with Accpac.
- Print a trial balance.
- Make adjusting entries at month end.
- Print an adjusted trial balance.
- Use two different methods to process an adjustment to a prior period.

Starting up

If you are continuing from Lesson 4, close all windows and return to the company desktop of Sample Company Ltd., then proceed directly to Topic 5.1. Otherwise:

1. Start Sage Accpac ERP CGA 5.6A.

2. In the Open Company dialog box, select Sample Company Ltd. and click OK. The company desktop is displayed.

TOPIC 5.1

G/L reports

Accpac enables you to produce a range of reports for use in financial management. In this lesson, the term **reports** refers to all icons accessed by clicking the G/L Reports link on the left navigation pane.

Here you will find two types of reports: Audit and Setup. The third type, Financial, refers to the Financial Statements, accessed through the Financial Reporter link, and is the topic of the next lesson.

Audit reports include:

- **Trial Balance**: prints the balance in the accounts
- **Transactions Listing**: prints the transaction details, net changes, and current balances for the accounts
- **Source Journals**: prints posted transaction details for the source code you specify

- **Batch Status**: prints a record of all G/L batches
- **Batch Listing**: prints a record of transactions that have not been posted to the G/L
- **Posting Journals**: prints a record of transactions that have been posted to the G/L

Setup reports include:

- **Chart of Accounts**: prints a complete record of all accounts in the G/L
- **Account Structures**: prints a description of the account structures and the segments used by each structure
- **Segment Codes**: prints a description of all segment codes and the retained earnings account to which they close
- **Source Codes**: prints a description of all source codes
- **Source Journal Profiles**: prints a list of source journals and source codes that have been assigned to each source journal
- **Revaluation Codes**: prints information about each revaluation code
- **Options**: prints a report of the options set under G/L Options
- **Recurring Entries**: prints information about all recurring entries that have been set up

TOPIC 5.2

Printing a transactions listing

The **transactions listing** provides detailed information on all transactions posted to the accounts and furnishes an audit trail. This is particularly valuable if transaction details in the general ledger are frequently purged to accommodate more data. If the general ledger is purged, all transaction details are deleted from the database files, leaving only the account balances for each period. Without these transaction details, it is difficult to prove the validity of the balances. However, if a transactions listing is printed before the transaction details are purged, it can be used to verify the transactions for a particular account balance.

Many companies choose not to purge transaction details until year-end for two reasons:

- Today's computers have large hard drives that can store a lot of data.
- One single transactions listing for a complete year is easier to use than 12 monthly reports.

To make later searches for information easier, many companies print and file the transactions listing of all accounts after all entries for a particular month (period) are posted. This listing (by period) can also be used by auditors as a detailed transaction audit trail for review at or after the fiscal year end. Normally, however, auditors prefer to review a complete transactions listing for the whole year instead of 12 separate listings. For the transactions listing to be of use, it is essential to print a fresh listing if transactions are posted into a particular month at a later period.

There is some flexibility when printing the transactions listing. For example, you can print this report by:

- account
- segment code
- account group

You can specify a specific range of the above as well. You can also specify a particular period. For example, if you are in fiscal Period 4, by printing the transactions listing for this period, you will print the account balances at the beginning of Period 4, transaction details for fiscal Period 4, and account balances at the end of Period 4. Exercise 5.1 shows you how to print a transactions listing.

In this exercise, you print a listing of all accounts in the general ledger for all fiscal periods.

EXERCISE 5.1

Printing the transactions listing

1. Close any windows that you may have open and return to the company desktop. Click G/L Reports on the left navigation pane, then double-click the Transactions Listing icon on the right.

2. Choose your preferred print destination by clicking File Print Destination. As the report is very long, you may want to preview it onscreen.

3. Ensure the From Period fields show 2010 1 and the To Period shows 12. Accept all other defaults. Click Print.

4. Your report should have 131 accounts (238 including those with no activity). Close all windows to return to the company desktop.

Destination options

Accpac enables you to send any report or financial statement to four different destinations:

- **Printer.** This is the default destination.
- **Preview.** You can display the report on the screen, which enables you to browse through the report before printing it.
- **File.** The report can be exported in various file formats. Exercise 5.2 and Exercise 5.3 let you practise using these formats.
- **E-mail.** The report is generated and sent as an attachment.

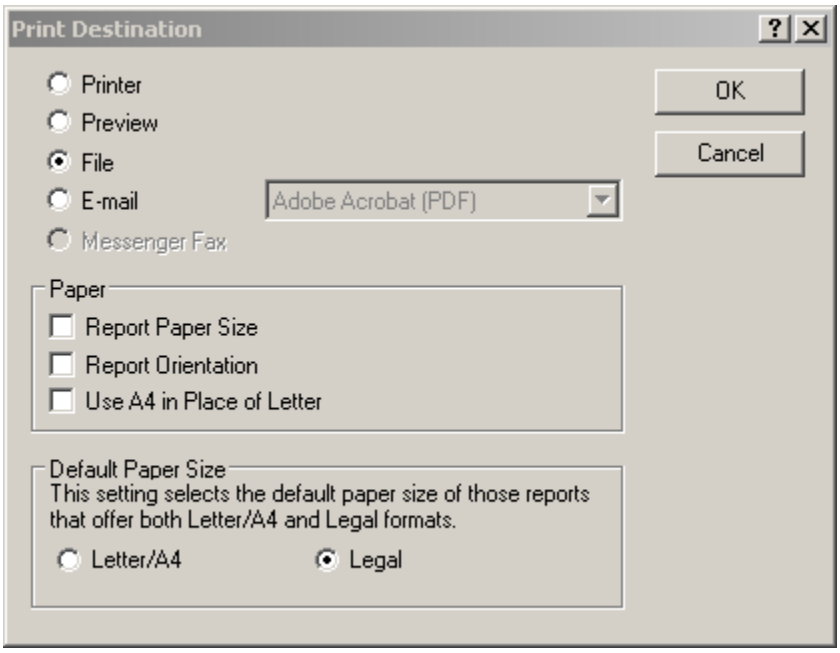
In previous exercises, you have learned how to print a report; you can also save a report as a file. You will use this feature frequently in your CGA studies. When you complete an assignment, for example, you will be asked to create a Word document that you can e-mail to your marker. If part of your assignment asks for a printout from Accpac, you will need to save that report as a file. Exercise 5.2 explains how to save a report as a file.

EXERCISE 5.2

Saving a report as a file

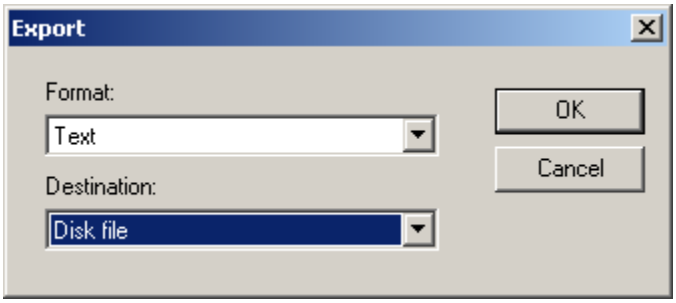
1. Click File Print Destination. The Print Destination window opens (Exhibit 5-1). Select File and click OK.

EXHIBIT 5-1
Print Destination window



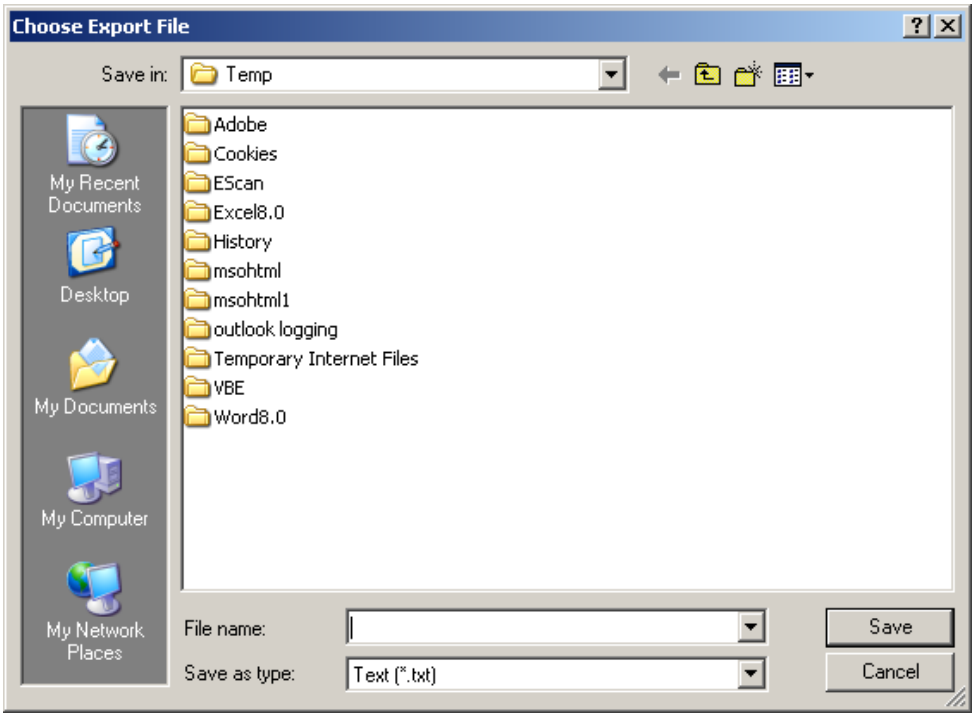
2. Click G/L Reports, then double-click the Transactions Listings icon. Ensure the From Period is 2010 1 and the To Period is 12. Click Print. The Export window opens (Exhibit 5-2).

EXHIBIT 5-2
Export dialog box



3. Accept the defaut for the Format field (Text) and the Destination field (Disk file). Click OK. The Choose Export File window opens (Exhibit 5-3).

EXHIBIT 5-3
Choose Export File window



4. In the Choose Export File window, there is a field for entering the file name. Type **TransList** in the File name field, then click the Save in drop down menu, select Desktop or My Documents, where you can easily locate the saved file, and click Save.

   The Exporting Records window will open, showing the progress (% complete) towards completion.

5. Before returning to the company desktop, repeat the process using different file formats.

6. Close all windows to return to the company desktop.

You may want to look at the report on the screen before deciding whether to print it or not. Also, having decided that the report is OK, you may want to e-mail it to a supervisor or manager who has requested the information. Exercise 5.3 shows you how to display a report on the screen.

EXERCISE 5.3

Displaying a report on the screen

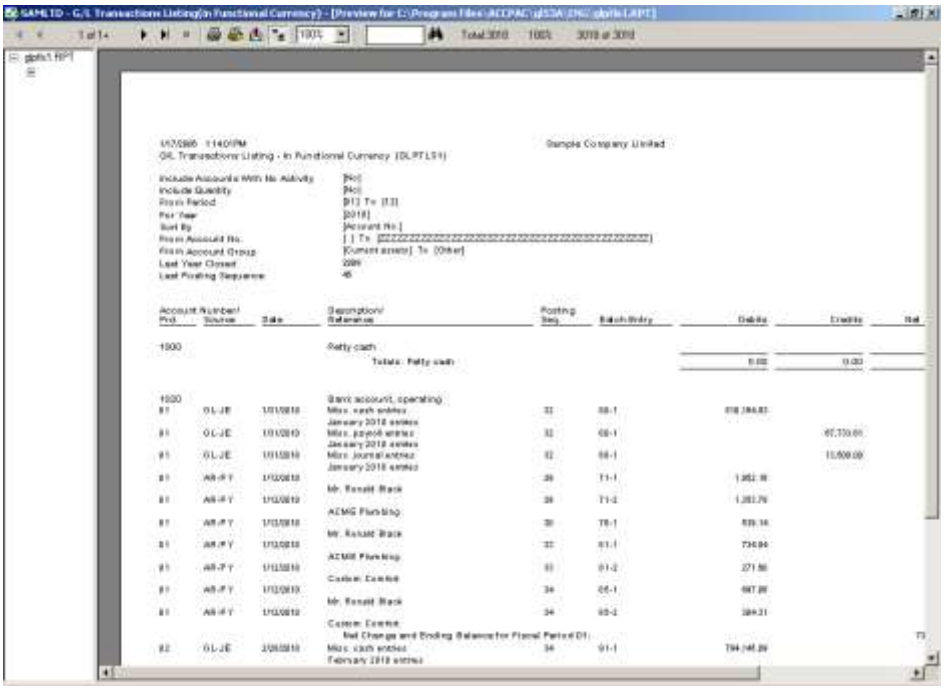
1. Click File Print Destination. Select Preview. Click OK.

2. Click G/L Reports, then double-click the Transactions Listing icon.

3. Ensure the From Period is 2010 1 and the To Period is 12. Click Print.

4. The report will appear on your screen as shown in Exhibit 5-4.

EXHIBIT 5-4
Transactions Listing report displayed on the screen



One use of displaying a report on the screen is to verify that it is correct prior to sending it to a supervisor or manager. Once you have verified it, you can send it in hardcopy or by e-mail as an attachment.

5. Close all windows to return to the company desktop.

TOPIC 5.3

Printing a trial balance

There are two very useful versions of the trial balance: Report and Worksheet. The report format shows period-end balances in a column format. The worksheet trial balance enables you to review the financial status of the company at the end of a fiscal period for period-end adjustments purposes. The trial balance report can be run anytime to check the state of the general ledger.

The accounts in the worksheet should contain all the day-to-day transactions. However, before the financial statements can be called complete, there are a number of adjusting entries that need to be made. Such adjusting entries arise from the need to use accrual-based accounting. Accrued revenues or expenses need to be added to the general ledger before it is complete for the period. Using the worksheet version of the trial balance, you can manually create the required accrual journal entries and test the final balances. Examples of period-end adjusting entries include:

- accrued revenue
- accrued salaries
- accrued rent
- amortization expense
- prepaid expense

The trial balance amounts are arranged in ascending order by account number. In Exercise 5.4, you print the trial balance in both formats.

EXERCISE 5.4

Printing a trial balance

1. Click G/L Reports, then double-click the Trial Balance icon. The G/L Trial Balance Report window opens.

2. In the Report Format drop-down list, select Report. The For Year/Period field should be changed to **2010-12**. Accept all other defaults. Click Print.

3. Return to the G/L Trial Balance Report window. Print another trial balance using Worksheet as the format.

5. Close the G/L Trial Balance Report window to return to the company desktop.

The worksheet trial balance contains a column labelled Adjustment. After you have printed the trial balance, you should review the account balances and identify the adjusting entries required before producing the financial statements.

TOPIC 5.4

Adjusting entries

Accountants are often required to create and post adjusting entries. This topic covers two perspectives: adjustments to the current year and adjustments to a prior period. At the end of each fiscal period, adjustments are required to update the accounts to reflect non-routine transactions and to correct errors.

Common period-end adjustments include:

- recording bank charges, NSF cheques, and interest charges discovered during bank reconciliations
- reversing interest charges on customers' accounts
- recording bad debt expense
- recording inventory shrinkage or write-downs
- entering interest receivable on temporary investments
- recording amortization charges
- adjusting accrued liabilities for expenses such as wages earned but unpaid, professional services received, and so on
- writing off bond discounts or premiums
- adjusting unearned revenue

Making adjusting entries

Assume that a review of your trial balance from Period 12, 2010 discloses that there are three additional items that require adjustment:

- The allowance for doubtful accounts needs to be increased by $2,000.
- Amortization expense of $18,600 has not been recorded on the equipment.
- There is a $3,570 interest charge on the bank loan (due 2011).

You can print the trial balance in worksheet format and write the adjustments there as a control document. In this case, for the small number of adjustments, you will enter the adjustments directly into the general ledger, as illustrated in Exercise 5.5.

EXERCISE 5.5

Making and posting adjusting entries

1. Add the following account to your chart of accounts (see Topic 2.6 for an explanation of this process):

Account	Description	Structure code	Account type	Normal balance	Account group
2090	Accrued liabilities	ACC	Balance Sheet	Credit	Current Liabilities

   Click Add and close the G/L Accounts window to return to the company desktop.

2. Click G/L Transactions, then double-click the Batch List icon.

3. Create a new batch (see Lesson 3 if you need help).

   These adjusting entries are just like the journal entries you made in Topic 4.5. Year-end adjustments are made in a similar way. Ensure that the Batch description field for year-end adjustments clearly states that the adjustments are for year-end closing. When making adjusting entries, you use the Year/Period field to control which period within the current fiscal year the entries should affect. Accpac has a specific period, ADJ, that is used just for year-end adjustments. A separate period prevents adjustments from affecting Period 12 results.

4. Make the following adjustments to the ADJ period. Click Add after you have entered each journal entry.

Line	Source code	Description	Account	Dr.	Cr.
Reference: Estimated bad debts					
1	JE	Bad debts expense	6100	2,000	
2	JE	Allow. for doubtful accounts	1190		2,000
Reference: Amortization expense					
1	JE	Amortization	6160	18,600	
2	JE	Accum. amort.	1620		18,600
Reference: Interest on bank loan					
1	JE	Interest – long-term debt	6300	3,570	
2	JE	Accrued liabilities	2090		3,570

5. When you have entered and saved the last journal entry, close the G/L Journal Entry window. In the G/L Batch List window, select the adjustment batch and print it.

6. Check the printed batch and compare your entries with Exhibit 5-5 (printed in landscape format). If you find any errors, return to the batch and make the necessary corrections. Reprint the batch if changes are made.

7. When you are satisfied, back up your data set and post the batch. If you need a refresher on posting batches, see Topic 4.3.

8. Close the G/L Batch List window to return to the company desktop.

EXHIBIT 5-5
Batch listing

1/18/2006 8:49:41AM — Sample Company Limited — Page 1
G/L Batch Listing - In Functional Currency (GLBCHL01)

From Batch Number	[000150] To [000150]
From Source Ledger	[GL] To [GL]
From Creation Date	[12/28/2010] To [12/28/2010]
Include Printed Batches	[Yes]
Status	[Open, Posted, Prov. Posted, Ready To Post]
Type	[Entered, Subledger, Imported, Generated, Recurring]

Srce.	Trans Date	Reference	Description	Account Number		Debits	Credits	Quantity	UOM
Batch Number: 150		Year end adjustments							
Creation Date: 12/28/2010		Status: Open		Type: Entered					
Entry Number: 00001		estimated bad debts							
Entry Date: 12/31/2010		Year-Prd.: 2010-ADJ							
GL-JE	12/31/2010		estimated bad debts	6100		2,000.00			
GL-JE	12/31/2010		estimated bad debts	1190			2,000.00		
					Entry Total:	2,000.00	2,000.00		
Entry Number: 00002		amortization expense equipment							
Entry Date: 12/31/2010		Year-Prd.: 2010-ADJ							
GL-JE	12/31/2010		amortization expense	6160		18,600.00			
GL-JE	12/31/2010		amortization expense	1620			18,600.00		
					Entry Total:	18,600.00	18,600.00		
Entry Number: 00003		interest on bank loan							
Entry Date: 12/31/2010		Year-Prd.: 2010-ADJ							
GL-JE	12/31/2010		interest on bank loan	6300		3,570.00			
GL-JE	12/31/2010		interest on bank loan	2090			3,570.00		
					Entry Total:	3,570.00	3,570.00		
					Batch Total:	24,170.00	24,170.00		

3 entries printed
1 batch printed

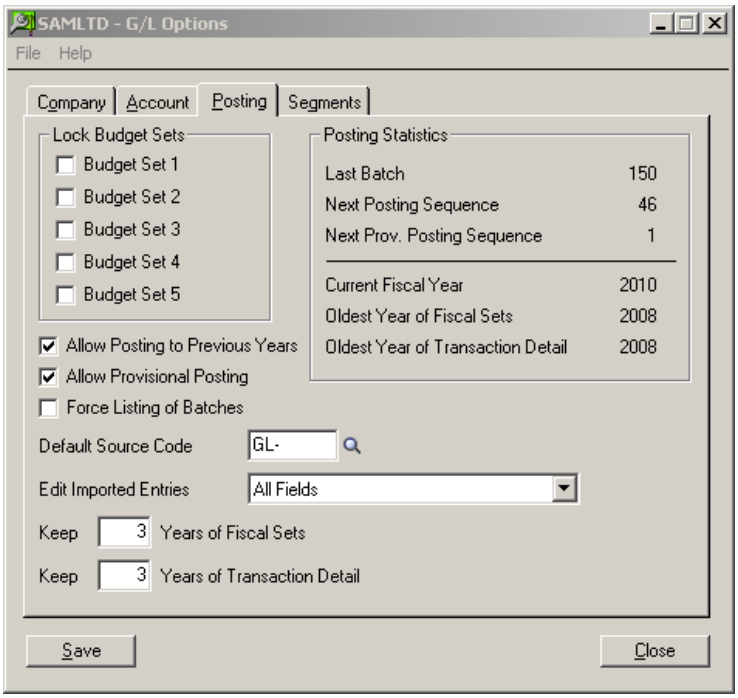
TOPIC 5.5

Making an adjustment to a prior period

There are situations where you may need to make changes to prior periods, such as adjustments that came to light during an audit that need to be reflected in the financial statements of the period. Posting entries to previous fiscal periods can also be used to enter opening account balances.

To be able to post to a prior year, this option must be selected under G/L options. To open the G/L Options window, click G/L Setup and then double-click the Options icon. The G/L Options window opens. Click the Posting tab (Exhibit 5-6).

EXHIBIT 5-6
G/L Options window, Posting tab



The G/L Options window has four tabs: Company, Account, Posting, and Segments. Information about each tab follows.

Company tab. This tab lists information about the company, such as name, address, and contact information.

Account tab. This tab shows the functional currency selected during setup. There are also check boxes where you can select to use Multicurrency, Account Groups, and Maintain Quantities. This is also where you specify the default retained earnings account to which income statement accounts would be closed at period end.

Posting tab. On this tab, you can lock budget sets, which prevents users from changing budget information. There are also check boxes where you can select to: Allow posting to previous years, Allow provisional posting, or Force listing of batches. You can enter a default source code here as well. Options concerning the editing of imported entries can also be selected. You can specify how long certain data will be maintained. You can also get posting statistics here.

Segments tab. This is where you would define the segments to be used in creating account structures (the format of the account numbers).

In Exercise 5.6, you post an adjusting entry to a previous year.

EXERCISE 5.6

Posting an adjustment to a previous year

Assume that the inventory value was overstated at the end of the previous year by $50,000. The amount is material, and the books have already been closed but no financial statements have been published yet. It is necessary to post an adjusting entry to the prior year in order to correct this.

The journal entry for posting to a previous year is no different from an ordinary journal entry. The only thing to check is the date of the entry.

1. Click G/L Transactions, then double-click the Batch List icon. The G/L Batch List window opens.

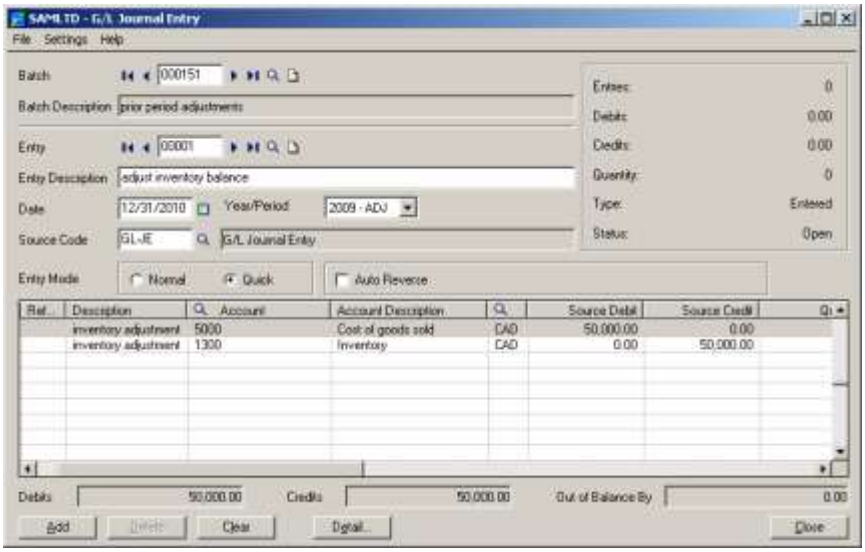
2. Create a journal entry in a new batch to reflect the overstated item.

3. The journal entry should be as follows:

Line	Source code	Description	Account	Dr.	Cr.
1	JE	Cost of goods sold	5000	$50,000	
2	JE	Inventory	1300		$50,000

Make sure you select 2009 as the fiscal year by ensuring that the Year/Period is set to 2009-ADJ. Your entry should resemble Exhibit 5-7.

EXHIBIT 5-7
Entry for prior period adjustments



4. Click Add, then close the G/L Journal Entry window. From the G/L Batch List window, print this new batch.

5. If you are satisfied the entry is correct, post the batch.

Notice that the reports show two entries, not just the one you entered. The first entry was made to reflect the posting of the single entry in your batch, while the second was created and posted automatically to close the change to account 3200 (Retained earnings).

6. Close all open windows to return to the company desktop.

TOPIC 5.6

Self-testing questions

1. What is a transactions listing? When would you print it? How would you use it?

2. Are Accpac trial balances always in balance? Why or why not?

3. After reviewing the trial balance at the end of the month, you determine that several revenue and expense items that should have been accrued are not reflected in the general ledger. How would you complete the transactions for the month?

4. Why are adjustments required? List four typical adjustments made at the end of a period.

5. Why are prior period adjustments sometimes required?

6. What conditions are required to post an adjusting entry to a prior period?

Exit Accpac if you are not planning on proceeding to Lesson 6 now.

LESSON 6

Designing and printing financial statements

Topic outline

6.1 Printing a financial statement
6.2 Modifying a financial statement
6.3 Modifying a specification file
6.4 Creating a specification file
6.5 Self-testing questions

Overview

The most important outputs from any computerized general ledger are the financial statements. Accpac has extensive capabilities in this area. This lesson will cover how financial statements are designed and printed in Accpac.

Learning objectives

- Describe how Accpac generates and prints financial statements.
- Generate and print a balance sheet using the options provided.
- Modify an existing Accpac financial statement.
- Customize, generate, and print a financial statement using the options provided.
- Download Accpac information into Excel.

Starting up

If you are continuing from Lesson 5, close all windows and return to the company desktop of Sample Company Ltd., then proceed directly to Topic 6.1. Otherwise:

1. Start Sage Accpac ERP CGA 5.6A.

2. In the Open Company dialog box, select Sample Company Ltd. and click OK. The company desktop is displayed.

TOPIC 6.1

Printing a financial statement

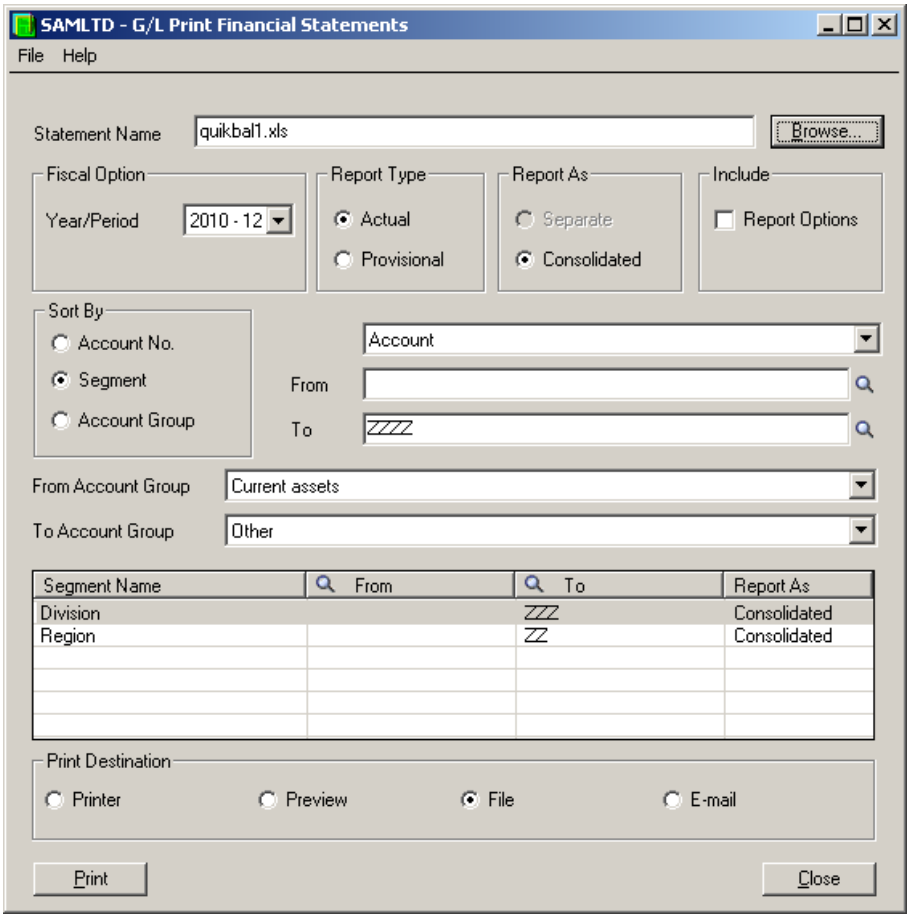
Accpac comes with six financial statement formats: three balance sheet and three income statement formats. The default location for these Excel files is C:\Program Files\AccpacCGA\GL56A\ENG. You can use these as is or modify them to suit your needs. In Exercise 6.1, you print the Balance Sheet for Sample Company Ltd. using the options provided. However, the quikball.xls file located in the above path may not work properly with the Accpac data. For this reason, another version of the quikball.xls file is provided with the data download, as described in the Introduction to Computer Tutorial 3.

EXERCISE 6.1

Printing a balance sheet

1. Click Financial Reporter on the left navigation pane, then double-click the Print Financial Statements icon on the right. The G/L Print Financial Statements window opens (Exhibit 6-1).

EXHIBIT 6-1
G/L Print Financial Statements window



2. If quikbal1.xls is not in the Statement Name field, click Browse (located to the right of the field) and select it.

3. Ensure the Year/Period field shows 2010 - 12.

4. Select your preferred print destination by clicking the appropriate radio button.

5. Accept all other defaults and click Print. Regardless of the destination, Excel will open the specification file and generate the statement.

6. Close the G/L Print Financial Statement window to return to the company desktop.

The statement printed is a single column balance sheet as at Period 12, 2010. You can also print the other financial statements using these steps.

TOPIC 6.2

Modifying a financial statement

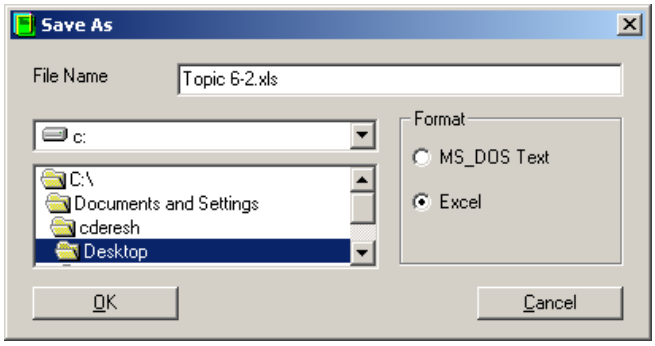
Accpac uses MS Excel to produce its financial statements, both in creation and output. Accpac uses an Excel spreadsheet called a specification file to produce the financial statements. You can also specify that the output (the financial statement) be an Excel file. Therefore, as long as you have some experience with Excel spreadsheets, it is straightforward to modify a financial statement.

You look at specification files in the next two topics. For now, concentrate on modifying the output, that is, the financial statement itself. In Exercise 6.2, you modify the balance sheet you printed in Exercise 6.1.

EXERCISE 6.2

1. Repeat Exercise 6.1, but change step 4 so that you print the balance sheet as an Excel file. Rename the file and note where you saved it (Exhibit 6-2).

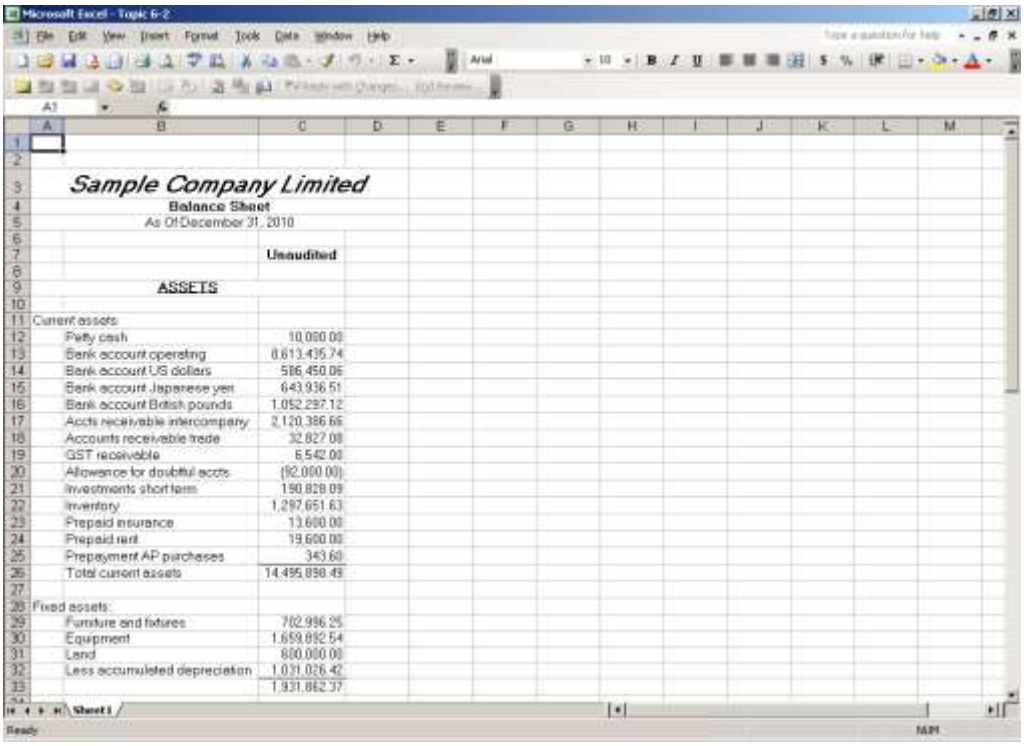
   EXHIBIT 6-2
   Save As window



2. Start Excel and open the Excel file you just created (Exhibit 6-3). Note the file contains many accounts that could be combined into an aggregate and still remain relevant to users, for example, the many bank accounts and the many payroll deduction payables.

EXHIBIT 6-3

Preliminary balance sheet



Sample Company Limited

Balance Sheet

As Of December 31, 2010

Unaudited

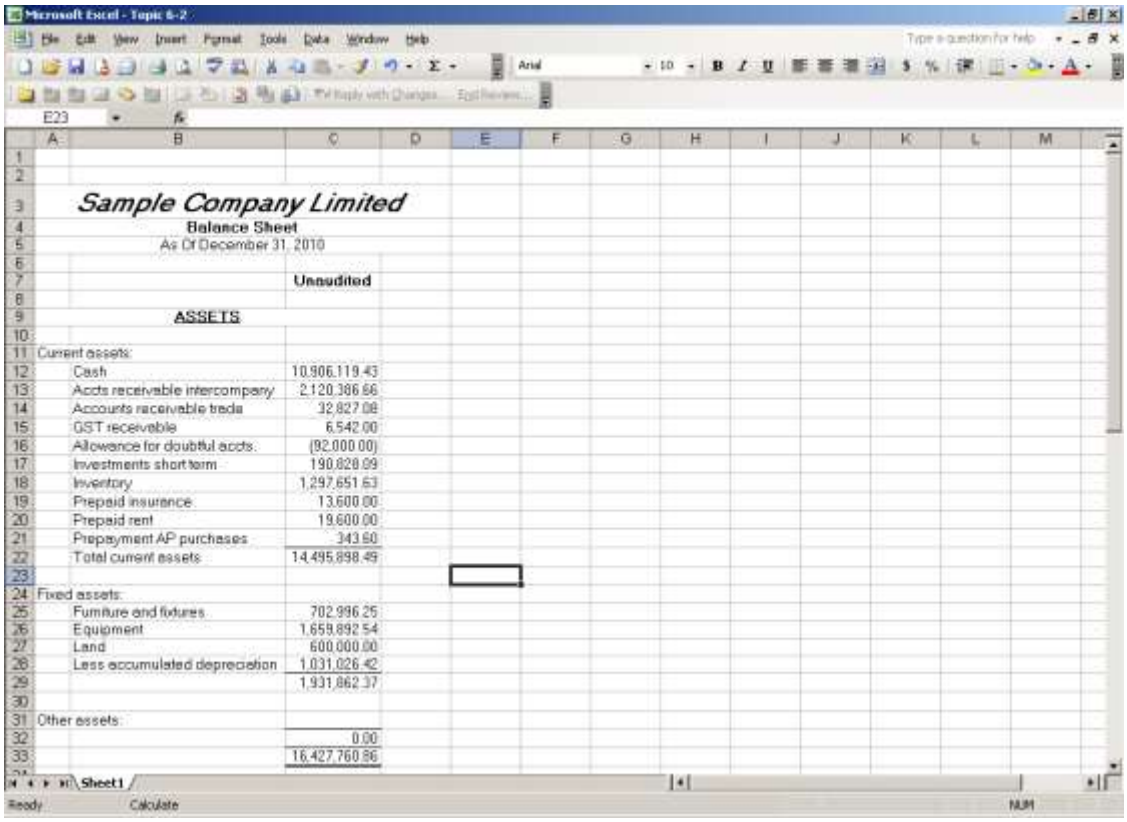
ASSETS

Current assets:		
	Petty cash	10,000.00
	Bank account operating	6,613,435.74
	Bank account US dollars	586,450.06
	Bank account Japanese yen	643,936.51
	Bank account British pounds	1,052,297.12
	Accts receivable intercompany	2,120,386.66
	Accounts receivable trade	32,827.08
	GST receivable	6,542.00
	Allowance for doubtful accts	(92,000.00)
	Investments short term	190,828.09
	Inventory	1,297,651.63
	Prepaid insurance	13,600.00
	Prepaid rent	19,600.00
	Prepayment AP purchases	343.60
	Total current assets	14,495,898.49
Fixed assets:		
	Furniture and fixtures	702,996.25
	Equipment	1,659,892.54
	Land	600,000.00
	Less accumulated depreciation	1,031,026.42
		1,931,862.37

3. Combine all the bank accounts into one entry. (Assume the foreign bank accounts are presented in Canadian dollars so you can simply sum them.) Record the total amount of cash in all banks in cell C12. Change cell B12 to read "Cash." Delete rows 13 to 16. When finished, it should look like Exhibit 6-4.

EXHIBIT 6-4

Balance sheet with bank accounts combined



Microsoft Excel - Topic 6-2

	A	B	C
3		*Sample Company Limited*	
4		**Balance Sheet**	
5		As Of December 31, 2010	
7			**Unaudited**
9		**ASSETS**	
11	Current assets:		
12		Cash	10,906,119.43
13		Accts receivable intercompany	2,120,386.66
14		Accounts receivable trade	32,827.08
15		GST receivable	6,542.00
16		Allowance for doubtful accts.	(92,000.00)
17		Investments short term	190,828.09
18		Inventory	1,297,651.63
19		Prepaid insurance	13,600.00
20		Prepaid rent	19,600.00
21		Prepayment AP purchases	343.60
22		Total current assets	14,495,898.49
24	Fixed assets:		
25		Furniture and fixtures	702,996.25
26		Equipment	1,659,892.54
27		Land	600,000.00
28		Less accumulated depreciation	1,031,026.42
29			1,931,862.37
31	Other assets:		
32			0.00
33			16,427,760.86

Sheet1 | Ready | Calculate | NUM

4. In this manner, combine the following accounts:

   Prepaid insurance, Prepaid rent, and Prepayment AP purchases into one account called Prepaids.

   Prepayment liability, Accts payable clearing, and Accrued liabilities into one account called Accrued liabilities.

   EI payable, CPP payable, Federal tax payable, Employee benefits payable, Employee pension payable, and Employee deductions payable into one account called Employee deductions payable.

   County sales tax payable, State sales tax payable, Corp. income taxes payable, Canadian GST collected, Canadian GST input tax credit, Provincial Sales Tax, VAT United Kingdom, and Japanese sales / purchase tax into one account called Taxes payable.

   (Although this level of aggregation is probably inappropriate for external reporting purposes, it will help to simplify your balance sheet.)

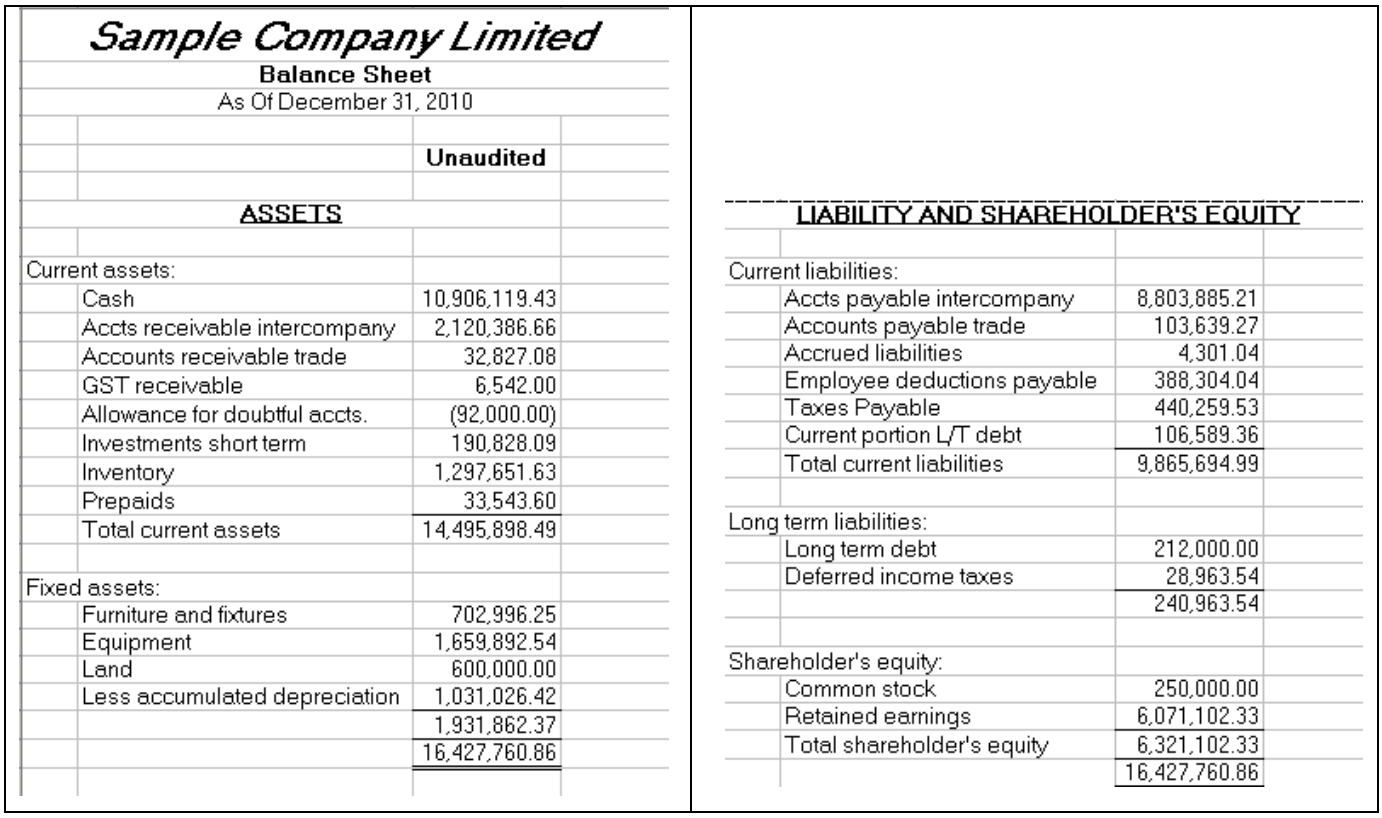
   Long-term debt proceeds and Long-term debt payments into one account called Long-term debt.

   Retained earnings and Profit (loss) for period into one account called Retained earnings.

5. As there are no accounts under the Other Asset section, you can delete this section from the spreadsheet.

   When complete, your balance sheet should look like Exhibit 6-5.

EXHIBIT 6-5
Final combined balance sheet



Sample Company Limited

Balance Sheet

As Of December 31, 2010

	Unaudited
ASSETS	
Current assets:	
Cash	10,906,119.43
Accts receivable intercompany	2,120,386.66
Accounts receivable trade	32,827.08
GST receivable	6,542.00
Allowance for doubtful accts.	(92,000.00)
Investments short term	190,828.09
Inventory	1,297,651.63
Prepaids	33,543.60
Total current assets	14,495,898.49
Fixed assets:	
Furniture and fixtures	702,996.25
Equipment	1,659,892.54
Land	600,000.00
Less accumulated depreciation	1,031,026.42
	1,931,862.37
	16,427,760.86

LIABILITY AND SHAREHOLDER'S EQUITY	
Current liabilities:	
Accts payable intercompany	8,803,885.21
Accounts payable trade	103,639.27
Accrued liabilities	4,301.04
Employee deductions payable	388,304.04
Taxes Payable	440,259.53
Current portion L/T debt	106,589.36
Total current liabilities	9,865,694.99
Long term liabilities:	
Long term debt	212,000.00
Deferred income taxes	28,963.54
	240,963.54
Shareholder's equity:	
Common stock	250,000.00
Retained earnings	6,071,102.33
Total shareholder's equity	6,321,102.33
	16,427,760.86

In this way, you can modify the financial statement to suit your needs. You can also use any Excel functions or formatting to modify your statements. For example, if you want to show only dollar amounts on the statements, you could format the cells so that the number of decimals showing is zero. Alternatively, you could use the Round function to round all values to the nearest dollar.

However, the problem with this method is that you have only changed this one balance sheet. Any future balance sheets will be produced according to the specification file. If you entered another transaction into Accpac, and then reprinted the balance sheet, it would appear like Exhibit 6-3 (with the many accounts still listed). If you want the related accounts to be combined, you would have to repeat steps 3-5 in Exercise 6.2.

If you want to make lasting changes, you should modify the specification file so that the statement appears in the form you require every time you print it.

TOPIC 6.3

Modifying a specification file

A specification file is a spreadsheet with specific commands and functions that tell Statement Designer what data should be included in a financial report and how the printed report should look. Statement Designer is a report writing program that allows you to create specification files.

Opening the Statement Designer launches Excel and a FR command is added to the Excel menu bar. The FR menu gives you access to General Ledger data. For the FR command to be added, you must start Excel through Accpac. You may design a new specification file from

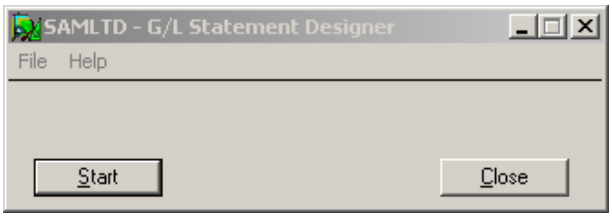
scratch or modify one of the specification files provided with the General Ledger. The default location for the specification files is C:\Program Files\AccpacCGA\GL56A\ENG.

You open and save a working copy of the quikbal1.xls specification file in Exercise 6.3.

EXERCISE 6.3

1. Click Financial Reporter on the left navigation pane, and then double-click the Statement Designer icon on the right. The G/L Statement Designer window opens (Exhibit 6-6).

   EXHIBIT 6-6
   G/L Statement Designer window

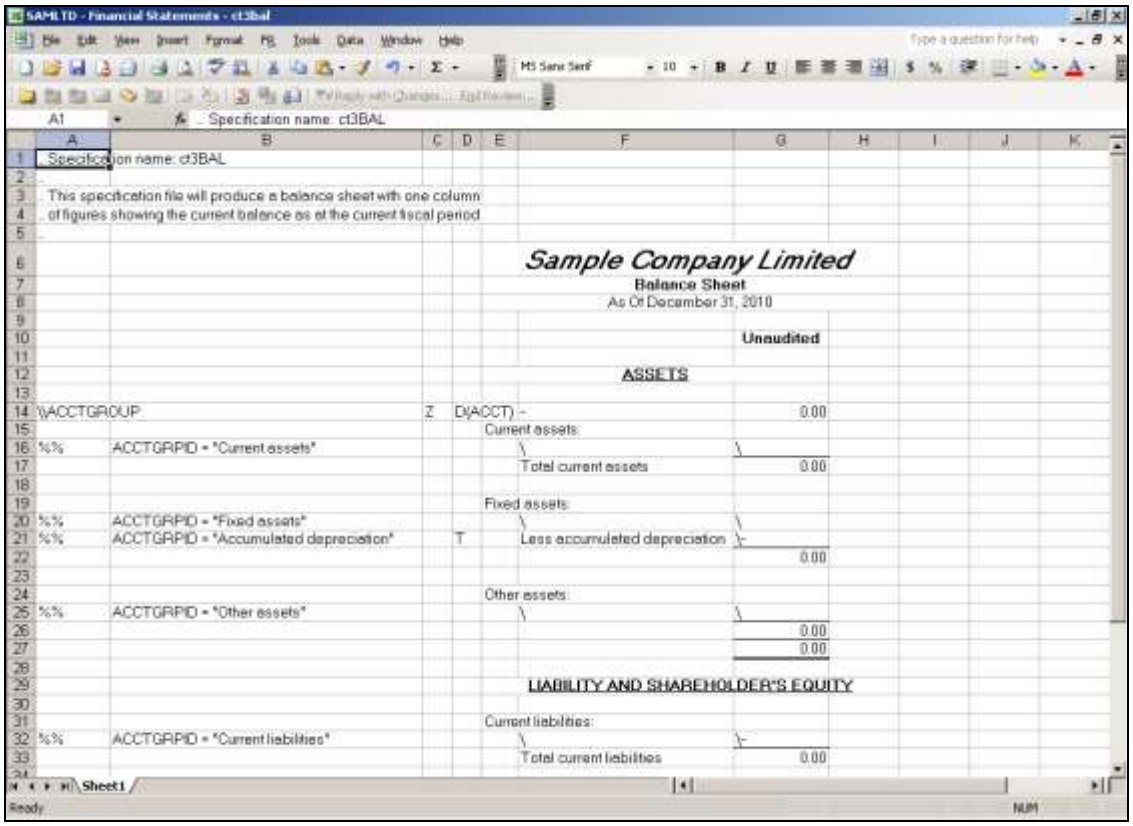
2. Click Start. Excel is launched. Note the FR command is in the Add-Ins tab in Office 2007.

3. Click File Open and browse for the file quikbal1.xls. The default location is C:\Program Files\Sage\SageAccpac\GL56A\ENG.

4. Click File Save As and rename the spreadsheet. This way, you create a working copy that you can delete without worry as the original specification file has been preserved.

5. The name of the spreadsheet appears in cell A1. Change cell A1 to match the new name of the file. When finished, your spreadsheet should look like Exhibit 6-7.

EXHIBIT 6-7
Spreadsheet with new filename



Columns

With your working copy of the quikbal1.xls specification file open, read the following description of the purpose of the columns in specification files.

The first four columns of a specification file (columns A through D) are reserved by the Statement Designer for control information. Columns E and beyond are used for the text, formulas, and values that will actually appear on a printed financial statement.

Column A

The value in Column A for each row determines the purpose of that row. There are five possible types of rows that can be entered in Column A in a specification file: Comment rows, As is rows, Default rows, Title rows, and Body specification rows.

Rows 1 to 5 in the quikbal.xls specification file are comment lines. Note that comment lines begin with two periods (..). These are not printed or displayed on the report.

Rows 6 to 13 are blank in column A. These are as-is rows. Whatever is in columns E and beyond will be printed on the report exactly as they appear in the specification file.

Row 14 is a default row (also called a command line). It contains a formula or selection criteria that the Statement Designer will apply. \\ACCTGROUP lists the accounts in Account Group order.

Row 16 is a body specification row. It is an account number reference. In this instance "%%" is a wild card that refers to all accounts in the general ledger.

Missing from this specification file is a title row. This would appear as "/T". Anything on a title row would appear on each page of the report.

Column B

If Column A is being used as a body specification row and specifies a range of accounts, then this column controls which account types or account groups should be included (or excluded) for the specified range of accounts.

Row 16 contains ACCTGRPID = "Current assets" in column B. This is to limit the account number reference in column A. Row 16, Column A and B together mean "use all accounts in the general ledger whose account group equals current assets."

Column C

This column removes (or excludes) detail lines from being printed on the report.

Row 14 contains an "Z" which excludes zero balance accounts from being printed.

Column D

This column summarizes balances for a series of accounts, either consolidated or in detail.

Row 14 contains "D(ACCT)", which consolidates account data by the natural account number segment. Sample Company Ltd. accounts have been set up with the first four digit segment being the natural account number segment.

Row 21 contains a "T" which consolidates account details into a single total. In this case, all the accumulated amortization accounts are reported as one amount.

Column E

Columns E and beyond are used for generating the statement. Any value or formula placed in one of these columns will appear in the report. Items that are usually put in these columns include: title of the report, account descriptions, column headings, account balances, subtotals, and totals.

Row 6 contains a formula that generates the company name from the general ledger.

Row 7 has "Balance Sheet." This will appear as is on the statement.

Row 8 contains a formula that generates the year and period from the general ledger.

Column F

Row 14 has a formula that generates the account name from the general ledger.

Row 16 has a "\" which repeats information above it. In this case, it repeats the formula that generates the account number from the general ledger.

Row 17 contains "Total current assets." This will appear as is on the report.

Column G

Row 10 contains "Unaudited." This will appear as is on the report.

Row 14 has a formula that generates the account balance for the period from the general ledger. This particular formula treats debits as positive and credits as negative.

Row 16 has a "\" which repeats information above it. In this case, it repeats the formula that generates the account balance for the period from the general ledger, treating debits as positive and credits as negative.

Row 17 has a formula that sums the balances of the accounts in the current asset section.

Row 21 has a "\-". This repeats the formula in row 20 which repeats the formula in row 16. The only difference is that credits are reported as a positive number, and debits would be reported as a negative number.

FR menu

The FR menu contains the following functions (among others) that you may use in modifying a specification file:

FR View: opens the dialog box that allows you to specify the accounts to be included, sorting order, and other report options. Once these options have been chosen, the Statement Designer will generate a financial statement. Using FR View allows you to test the specifications and statement design that you have created and to preview financial statements before printing them.

FR Paste: inserts commands and formulas into the cells of the spreadsheet. FR Paste allows you to look up account numbers, define formulas and selection criteria, and create complex formulas without having to enter the syntax manually.

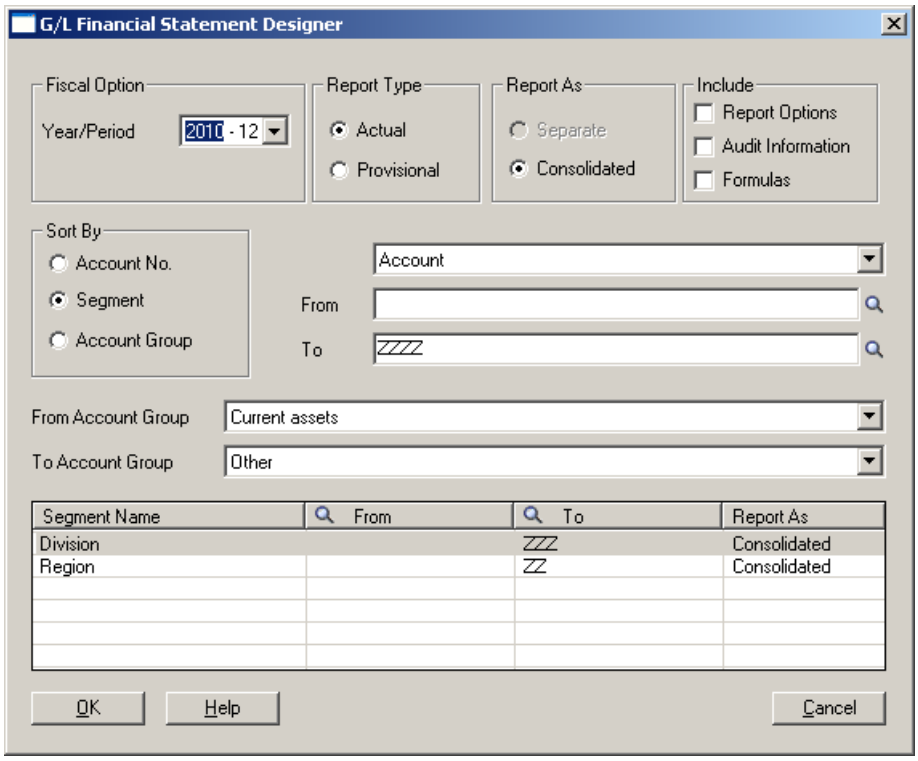
FR Help: searches for help on Statement Designer topics.

In Exercise 6.4, you modify the working copy of the quikbal.xls specification file you created previously.

EXERCISE 6.4

1. On your working copy of the quikbal1.xls spreadsheet, click FR, FR View. The G/L Financial Statement Designer window opens (Exhibit 6-8). Ensure the Year/Period is 2010-12.

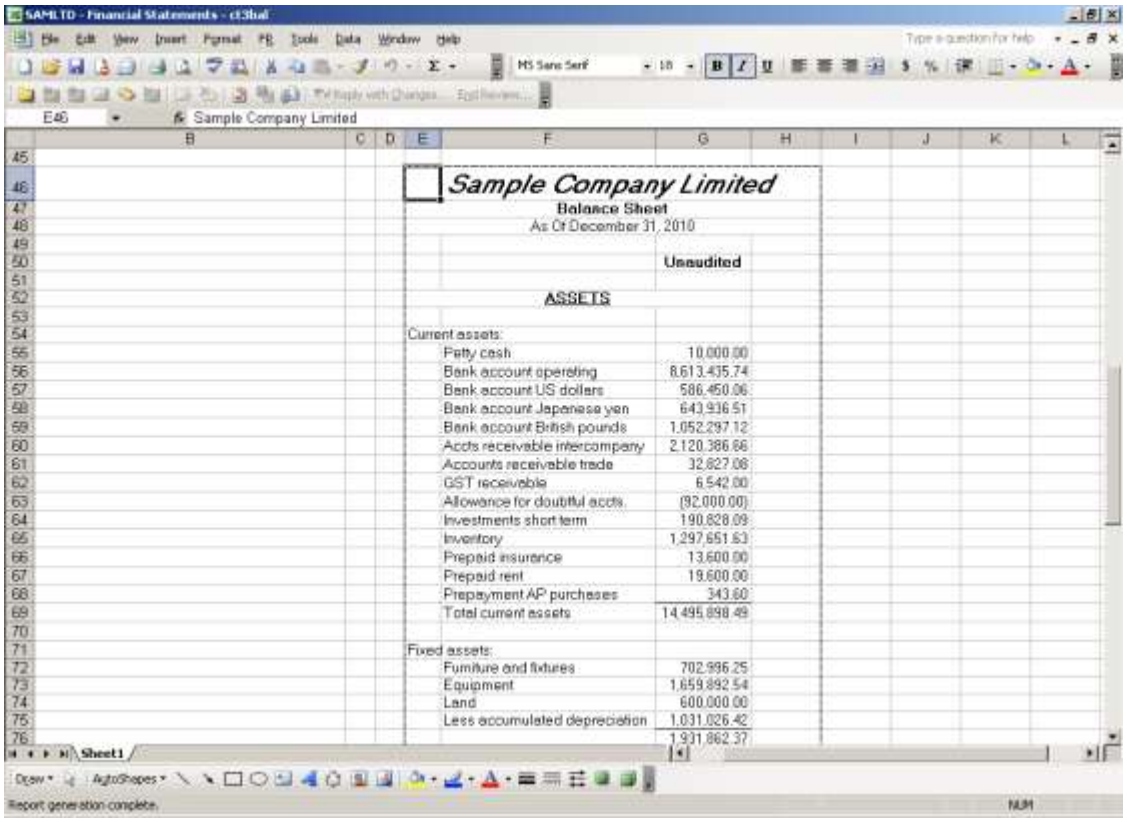
EXHIBIT 6-8
G/L Financial Statement Designer window



2. Click OK. A Financial Report Generation window will open briefly as the report is being generated. When complete, the balance sheet will be produced on your open worksheet (Exhibit 6-9). You may have to scroll down to see it. In this manner you can make changes to your specification file and then run FR View to see the effect of your changes.

EXHIBIT 6-9

Sample Company Limited balance sheet



Sample Company Limited
Balance Sheet
As Of December 31, 2010

	Unaudited
ASSETS	
Current assets:	
Petty cash	10,000.00
Bank account operating	8,613,435.74
Bank account US dollars	586,450.06
Bank account Japanese yen	643,936.51
Bank account British pounds	1,052,297.12
Accts receivable intercompany	2,120,386.66
Accounts receivable trade	32,627.08
GST receivable	6,542.00
Allowance for doubtful accts	(92,000.00)
Investments short term	190,828.09
Inventory	1,297,651.63
Prepaid insurance	13,600.00
Prepaid rent	19,600.00
Prepayment AP purchases	343.60
Total current assets	14,495,898.49
Fixed assets:	
Furniture and fixtures	702,996.25
Equipment	1,659,892.54
Land	600,000.00
Less accumulated depreciation	1,031,026.42
	1,931,862.37

3. You will make changes to the current asset section of the balance sheet first. You will combine all the Bank accounts into one line, and all the prepaid accounts into one line. Place your cursor on line 17 and click Insert Rows. Do this again so you have created two blank rows below Row 16.

4. Type **1000:1060** in cell A16 (overwriting the "%%"), **T** in cell D16, and **Cash** in cell F16 (overwriting the "\").

5. Type **1100:1340** in cell A17, "\" in cell F17, and "\" in G17.

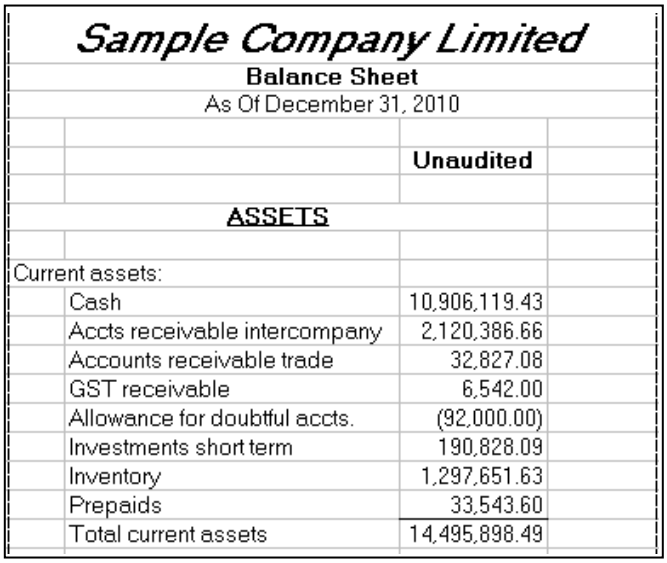
6. Type **1400:1440** in cell A18, **T** in cell D18, **Prepaids** in F18 and "\" in G18.

7. Click cell G19 and change the formula to sum cells G16 to G18 to include the two rows you created.

8. Click FR, FR View. Ensure the Year/Period is 2010-12, then click OK. The report will generate. The current asset section of your balance sheet should appear as Exhibit 6-10. If it does, click File Save. If it does not, close the file without saving and repeat the previous steps.

EXHIBIT 6-10

Current asset section of balance sheet



Sample Company Limited		
Balance Sheet		
As Of December 31, 2010		
		Unaudited
ASSETS		
Current assets:		
	Cash	10,906,119.43
	Accts receivable intercompany	2,120,386.66
	Accounts receivable trade	32,827.08
	GST receivable	6,542.00
	Allowance for doubtful accts.	(92,000.00)
	Investments short term	190,828.09
	Inventory	1,297,651.63
	Prepaids	33,543.60
	Total current assets	14,495,898.49

9. Now you will combine accounts in the current liabilities section. You will combine all the employee deduction accounts into one line, and all the tax payable accounts into one line. Place your cursor on line 35 and click Insert Rows. Do this twice more so you have created three blank rows below Row 34.

10. Type **2000:2100** in cell A34 (overwriting the "%%").

11. Type **2110:2350** in cell A35, **T** in cell D35, **Employee deductions payable** in F35, and "\-" in G35.

12. Type **2400:2480** in cell A36, **T** in cell D36, **Taxes payable** in F36 and "\-" in G36.

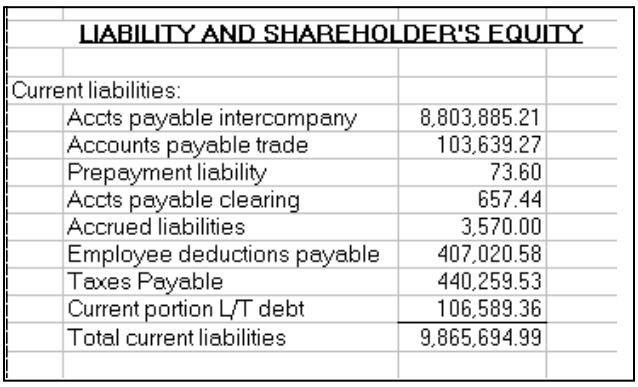
13. Type **2500** in cell A37, "\" in F37 and "\-" in G37.

14. Click cell G38 and change the formula to sum cells G34 to G37 to include the three rows you created.

15. Click FR, FR View. Ensure the Year/Period is 2010-12, then click OK. The report will generate. The current liabilities section of your balance sheet should appear as Exhibit 6-11. If it does, click File Save. If it does not, close the file without saving and repeat steps 9 to 14.

EXHIBIT 6-11

Current liabilities section of balance sheet



LIABILITY AND SHAREHOLDER'S EQUITY		
Current liabilities:		
	Accts payable intercompany	8,803,885.21
	Accounts payable trade	103,639.27
	Prepayment liability	73.60
	Accts payable clearing	657.44
	Accrued liabilities	3,570.00
	Employee deductions payable	407,020.58
	Taxes Payable	440,259.53
	Current portion L/T debt	106,589.36
	Total current liabilities	9,865,694.99

In this way, you can modify specification files to suit your needs. Any future balance sheets will be produced according to the new specification file. You would not have to repeat these steps if you reprinted the balance sheet.

However, if you added new accounts in the general ledger, they may not be caught by your new specification file. Remember that you changed a wildcard (%%) into a specific account reference. With the wildcard, any new accounts would be covered by the specification file with no changes needed. With a specific account reference, any account outside the range in your specification file would not be included on your financial statement. If the report is a balance sheet, it would not balance. If an income statement, your net income would be incorrect.

Therefore, when changing specification files, it is a good idea to have on hand a printed copy of the chart of accounts, trial balance (including zero balance accounts), and a finished report based on the specification file before modifications when you start to make changes. This way, you can be sure that all accounts are included. As well, you can compare the report based on the changed specification file to the report based on the unmodified one.

TOPIC 6.4

Creating a specification file

Now that you have some experience with specification files, you create one from scratch. In Exercise 6.5, you create a specification file that will produce a retained earnings statement in good form.

EXERCISE 6.5

1. If you have not already done so, open Accpac and start the Statement Designer. This will launch Excel with an open worksheet.

2. Click File Save. Rename the worksheet and choose the location where you want to save it.

3. In cell A1, enter a comment line that provides the name of the specification file. Remember that comment lines begin with two periods (..).

4. In cell A2, enter another comment line that provides details about this specification file.

5. In cell F3, enter the company name directly or use the formula **=FR("CONAME")**.

6. In cell F4, enter **Retained Earnings Statement**.

7. In cell F5, enter the date of the statement by using the formula **="For the year ended "&TEXT(FR("End"),"mmmm d, yyyy")**.
   This formula combines the text “For the year ended” with the end date of the current period, formatted as text in month, day, year format.

8. In cell A8, enter **3200**, the account number for Retained Earnings.

9. In cell F8, enter **Retained Earnings beginning of year**.

10. In cell G8, enter the formula **=-FRAMTA("BALLP")**. This formula enters the balance from the end of the last period, and reports the value as a positive number. Format this

cell to show a leading dollar sign by clicking Format Cells. Click the number tab, and choose Accounting as the category. Choose $ as the symbol. Click OK.

11. In cell A10, enter **3300**, the account number for Dividends.

12. In cell F10, enter **Dividends**.

13. In cell G10, enter the formula **=FRAMTA("BALP")**. This formula enters the ending balance for the current period. Format the cell appropriately.

14. In cell A11, enter **%%**, the wild card for all accounts.

15. In cell B11, enter the formula **="ACCTGRPID >= ""Revenue"""**. This formula limits the wild card in cell A11 to only those accounts whose account group is greater or equal to Revenue. This will select all revenue and expense accounts. Format the cell appropriately.

16. In cell D11, enter **T**. This will total the amounts and report them on one line.

17. In cell F11, enter **Profit (loss) for period**.

18. In cell G11, enter the formula **=-FRAMTA("BALP")**. This formula enters the balance from the end of the current period and reports the amount as a positive number.

19. In cell F13, enter **Retained Earnings end of year**.

20. In cell G13, enter the formula **=SUM(G8:G11)**. This will total the amounts on your statement. Format the cell to show a dollar sign as described previously. Add a border by clicking the drop-down arrow next to the Borders icon on the toolbar. Select the single line on top of the cell, double line at the bottom option.

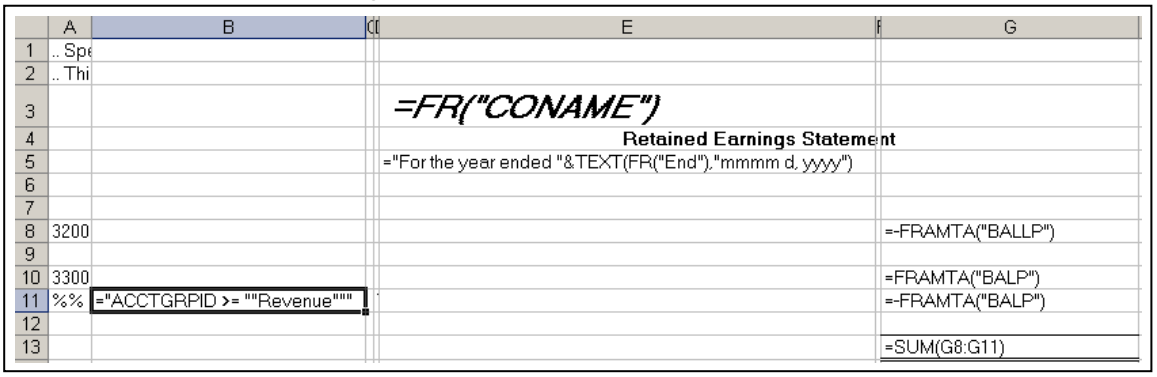
21. Click File Save. Your specification file should look like Exhibit 6-12. Exhibit 6-13 shows the same specification file, except the spreadsheet has been changed to show the formulas for your benefit. In order to show all the formulas, some column widths have been reduced.

EXHIBIT 6-12
Completed specification file

	A	B	C	D	E	F	G
1	.. Specification name: ct3restat						
2	.. This specification file will produce a retained earnings statement						
3						*Sample Company Limited*	
4						**Retained Earnings Statement**	
5						For the year ended December 31, 2010	
6							
7							
8	3200					Retained Earnings beginning of year	$ -
9							
10	3300					Dividends	0.00
11	%%	ACCTGRPID >= "Revenue"		T		Profit (loss) for period	0.00
12							
13						Retained Earnings end of year	$ -

EXHIBIT 6-13

Specification file showing formulas



	A	B	E	G
1	.. Spe			
2	.. Thi			
3			=FR("CONAME")	
4			Retained Earnings Statement	
5			="For the year ended "&TEXT(FR("End"),"mmmm d, yyyy")	
6				
7				
8	3200			=-FRAMTA("BALLP")
9				
10	3300			=FRAMTA("BALP")
11	%%	="ACCTGRPID >= ""Revenue"""		=-FRAMTA("BALP")
12				
13				=SUM(G8:G11)

22. Click FR, FR View. Ensure the Year/Period is 2010-12. Click OK. Your retained earnings statement should look like Exhibit 6-14. If it does not, compare your formulas and statement to those in Exhibits 6-12 to 6-14. Make corrections where needed.

EXHIBIT 6-14

Retained earning statement

Sample Company Limited	
Retained Earnings Statement	
For the year ended December 31, 2010	
Retained Earnings beginning of year	$ 5,063,462.24
Dividends	0.00
Profit (loss) for period	1,007,640.09
Retained Earnings end of year	$ 6,071,102.33

For more information on specification files, use the Help feature of Accpac. Click Help Online Documentation General Ledger 5.6A. There are two PDF files that would be of use: Financial Reporter User Guide and Financial Reporter Quick Reference. The user guide is just under 200 pages, where the quick reference is a more manageable 16 pages.

TOPIC 6.5

Self-testing questions

1. List the six standard financial statements that come with General Ledger Accpac.

2. What facility is provided by Accpac if you wish to create custom financial statements? How would you use it (in general terms)?

3. You created a financial statement using Statement Designer in Accpac. You want to modify the statement. Where would you go in Accpac to make your modifications?

4. In your chart of accounts, you have the following capital asset accounts:

   1600 Building
   1605 Accumulated amortization – building
   1700 Automotive equipment
   1705 Accumulated amortization – automotive

   You want to format the balance sheet in the following manner:

   Building xx,xxx

   Describe the process you would use to accomplish this.

Exit Accpac if you are not planning on proceeding to Lesson 7 now.

Maintaining Accpac

Topic outline

7.1 A logical chart of accounts
7.2 Maintenance procedures
7.3 Operating procedures
7.4 Month-end procedures
7.5 Year-end procedures
7.6 Starting a new fiscal year
7.7 Internal controls
7.8 Self-testing questions
7.9 Taking stock

Overview

Routine and structured maintenance of a computerized general ledger ensures smooth operation of all accounting work. This lesson provides guidelines on initial setup and maintenance for Accpac.

Learning objectives

Design a chart of accounts with a logical structure.
Develop and implement procedures for operating and maintaining a general ledger.
Perform month-end procedures for a general ledger.
Perform year-end procedures for a general ledger.
Develop and implement internal controls to ensure the integrity of the general ledger.

Starting up

If you are continuing from Lesson 6, close all windows and proceed to step 2. Otherwise:

1. Start Sage Accpac ERP CGA 5.6A.

2. In the Open Company dialog box, select Sample Company Ltd. and click OK. The company desktop is displayed.

TOPIC 7.1

A logical chart of accounts

An important step in setting up a general ledger is designing the structure of the chart of accounts. No standards exist in Canada for this purpose, so the accountant typically decides on an appropriate structure. Following are five basic rules of design:

1. Use account numbers rather than account names.

2. Group accounts into logical blocks, using numeric ranges.

3. Leave sufficient gaps between accounts for future additions.

4. Use meaningful names for account descriptions. These same names will be used in the financial statements.

5. If you are working with more than one general ledger, try to standardize the charts of accounts.

Use account numbers rather than account names

Accpac has a very flexible structure. As previously mentioned in Topic 1.3, with the commercial version of the program you can set up an account framework with a maximum account length of 45 characters and 10 segments, including the segment separator. How an organization sets up its chart of accounts depends on its needs. The chart of accounts for Sample Company Ltd. uses a three-segment account code.

The first four characters or the first segment specify the account.

The next three characters or the second segment indicate the division or section of the business. For example, segment 100 is the commercial division.

The final two characters or the third segment give further detail about the account. For example, it may be useful to report information by region.

In Accpac, you can define up to 10 segments, each 15 characters in length. However, the actual length depends on the length of other segments already created.

Before you set up a chart of accounts, you must take the time to think through the needs of the organization. What information will you try to access from the system as you use it from day to day? Will you need information by geographic location? By product line? Once you can answer these questions, you can start the process of designing a good chart of accounts.

Accounts should be set up using account codes that are numeric (such as 1000). It is possible to use alphabetic account codes as well. For example, instead of using account code 1200 for Accounts receivable, it is possible to use Act-Rec0-00.

However, sorting the accounts by their alphabetic codes is not as useful or predictable as sorting them by their numeric codes because you end up with a chart of accounts that is not in any logical order. In a long chart of accounts using alphabetic codes, income statement accounts would be mixed with balance sheet accounts.

Group accounts into logical numeric blocks

You should design your chart of accounts in logical numeric blocks. For example, the following grouping could be used for the segment that denotes the general ledger account:

1000 — 1499	Current assets	Balance sheet accounts
1500 — 1999	Capital assets	
2000 — 2499	Current liabilities	
2500 — 2999	Long-term liabilities	
3000 — 3999	Shareholders' equity	
4000 — 4499	Revenue	Income statement accounts
4500 — 4999	Cost of sales	
5000 — 6999	Expenses	

With this account number grouping, accounts with numbers smaller than 4000 belong to the balance sheet, while those with numbers greater than or equal to 4000 belong to the income statement. Balance sheet accounts are grouped in the sequence typically found on a balance sheet, while income statement accounts follow a structure similar to the flow of an income statement.

There are two common ways to include the Accumulated amortization contra accounts in a chart of accounts:

1. Place them in a block, for example:

   1500 Warehouse
   1510 Delivery truck
   1520 Office computer
   1600 Accum. amortization – warehouse
   1610 Accum. amortization – delivery truck
   1620 Accum. amortization – office computer

2. Place each of the Accumulated amortization accounts immediately after the related asset account, for example:

   1500 Warehouse
   1501 Accum. amortization – warehouse
   1510 Delivery truck
   1511 Accum. amortization – delivery truck
   1520 Office computer
   1521 Accum. amortization – office computer

Many accountants prefer the second method because it is easier to remember and locate the contra accounts. Also, other contra accounts, such as Allowance for doubtful accounts for receivables, can use this convention.

Leave sufficient gaps between accounts for future additions

Accounts should be numbered so that there are sufficient gaps between account numbers to add new accounts in a logical place. The following chart of accounts shows poor design:

1000 Petty cash
1001 Royal Chequing
1002 Scotia Chequing
1003 CIBC Chequing
1004 CIBC Savings
1005 Term deposits
1006 Accounts receivable

Suppose you purchased some Treasury bills and needed to add an account number to your chart of accounts to record this. T-bills are less liquid than cash accounts, but more liquid than term deposits. However, because there is no space between account 1004 (CIBC Savings) and 1005 (Term deposits), you would be obliged to use account 1007, assuming this account number is still available.

A preferable structure would be:

1000 Petty cash
1100 Royal Chequing
1120 Scotia Chequing
1130 CIBC Chequing
1140 CIBC Savings
1180 Term deposits
1300 Accounts receivable

With this account structure, you can easily create a new account, 1170 (Treasury bills), for your T-bills. Remember that Accpac accommodates very large account numbers, so there is no reason not to plan for future needs.

Use meaningful names for account descriptions

In the G/L Account window, each account is assigned a description. It is important to use meaningful names for these account descriptions. The benefits are:

You minimize the chance of error when posting transactions if the account description clearly indicates the nature of the account.
You are less likely to make a format error when designing custom reports.
People who use your financial statements will be able to understand the information more easily.

Compare the following partial chart of accounts:

1000	Cash
1100	Bank account – Royal
1120	Bank account – Scotia
1130	Bank account – CIBC #1
1140	Bank account – CIBC #2

with this partial chart of accounts that uses more descriptive names:

1000	Petty cash
1100	Royal Chequing #1234567
1120	Scotia Chequing #234987
1130	CIBC Chequing #9870123
1140	CIBC Savings #0136790

Although account descriptions can contain up to 60 characters, most reports do not show or print the full version of the account description field. So, avoid using unnecessary spaces and characters if possible. Use a brief, clear identifier for an account, such as the bank account number for bank accounts.

Standardize the chart of accounts

Once you have developed a satisfactory chart of accounts structure, adopt the same general structure for all other general ledgers. This does not mean that every general ledger should have identical accounts. However, if you use the same structure (for example, number all current asset accounts from 1000 to 1499 and place all accumulated amortization accounts after the corresponding asset accounts), your general ledger work will be simplified.

TOPIC 7.2

Maintenance procedures

When working with a computerized general ledger, it is important to develop a set of standard operating procedures and to follow it. This ensures consistency in all accounting work, regardless of who is handling it. You should have become familiar with some of these procedures in the preceding lessons. The following is a summary.

Backups

You should develop a backup plan and follow it. At minimum, you should back up data:

before posting batches or daily, whichever is more frequent
before reconciling
before restoring backups or clearing data
at least monthly or whenever you close a fiscal period, whichever is more frequent

before year-end close
after setting up Accpac
before and after creating a new company
before year-end close
before moving data or applications to another server

Accpac is designed to ensure maximum accuracy and integrity of your accounting data. Occasionally, however, your data files may become damaged. Hardware failures, power surges, and other problems can affect data and damage or destroy it. Error messages, inaccurate data, unusual characters on reports, difficulty opening windows, and other uncommon occurrences are indicators of file damage.

If you suspect your files are damaged, consider doing the following:

1. **Make a backup.** This backup should copy all the data stored in Accpac.

2. **Run Database Dump.** This process resizes files and removes unused space. This ensures that you always have the maximum amount of available space possible on your hard drive or network drive.

3. **Run Restart Maintenance.** When Accpac encounters a problem during a process, a restart record is generated. The record provides information about the error. You can then decide whether to resume the process, start the process over, or remove the restart record.

4. **Run Data Integrity checks.** These ensure a company's data does not become so corrupted that recovery is difficult or impossible. Regular checks allow you to find and possibly correct potential errors. This process is illustrated in Exercise 7.1

5. **Restore a backup.** For some errors, you may need to restore your most recent backup. The more recent this backup is, the fewer transactions there will be to re-enter.

6. **Clear data.** Clearing data is a last resort; avoid doing it if possible. Only clear data if all else has failed and you do not have a backup. This step involves clearing data from the damaged files and re-entering all of the data.

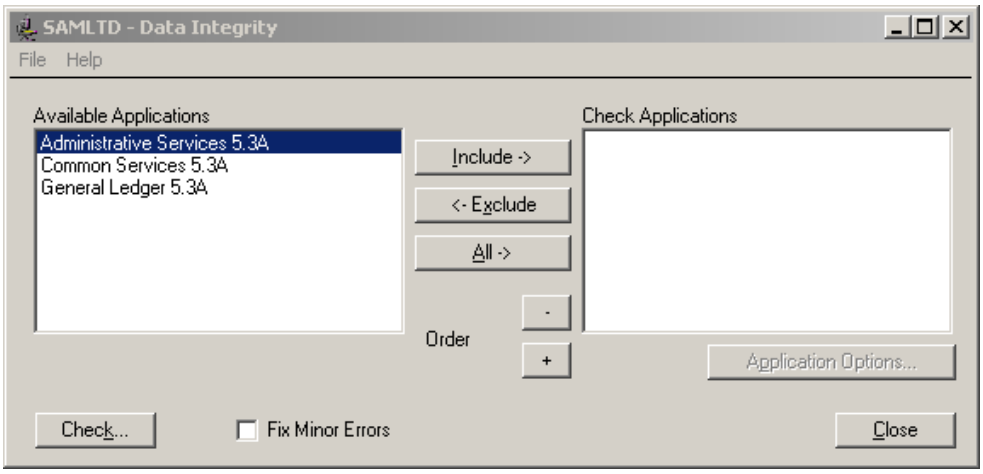
The Data Integrity check is a critical file maintenance procedure that you will use on an ongoing basis to ensure data integrity. Exercise 7.1 gives you practice using this procedure.

EXERCISE 7.1

Data Integrity

1. Click Administrative Services on the left navigation pane, then double-click the Data Integrity icon on the right. The Data Integrity window opens as shown in Exhibit 7-1.

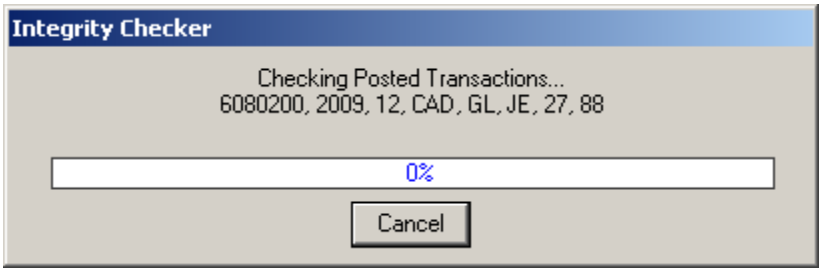
EXHIBIT 7-1
Data Integrity window



2. In the Available Applications section, click General Ledger 5.6A, then click Include. You can also click All to select all applications in the list. However, for this exercise, insert only General Ledger 5.6A.

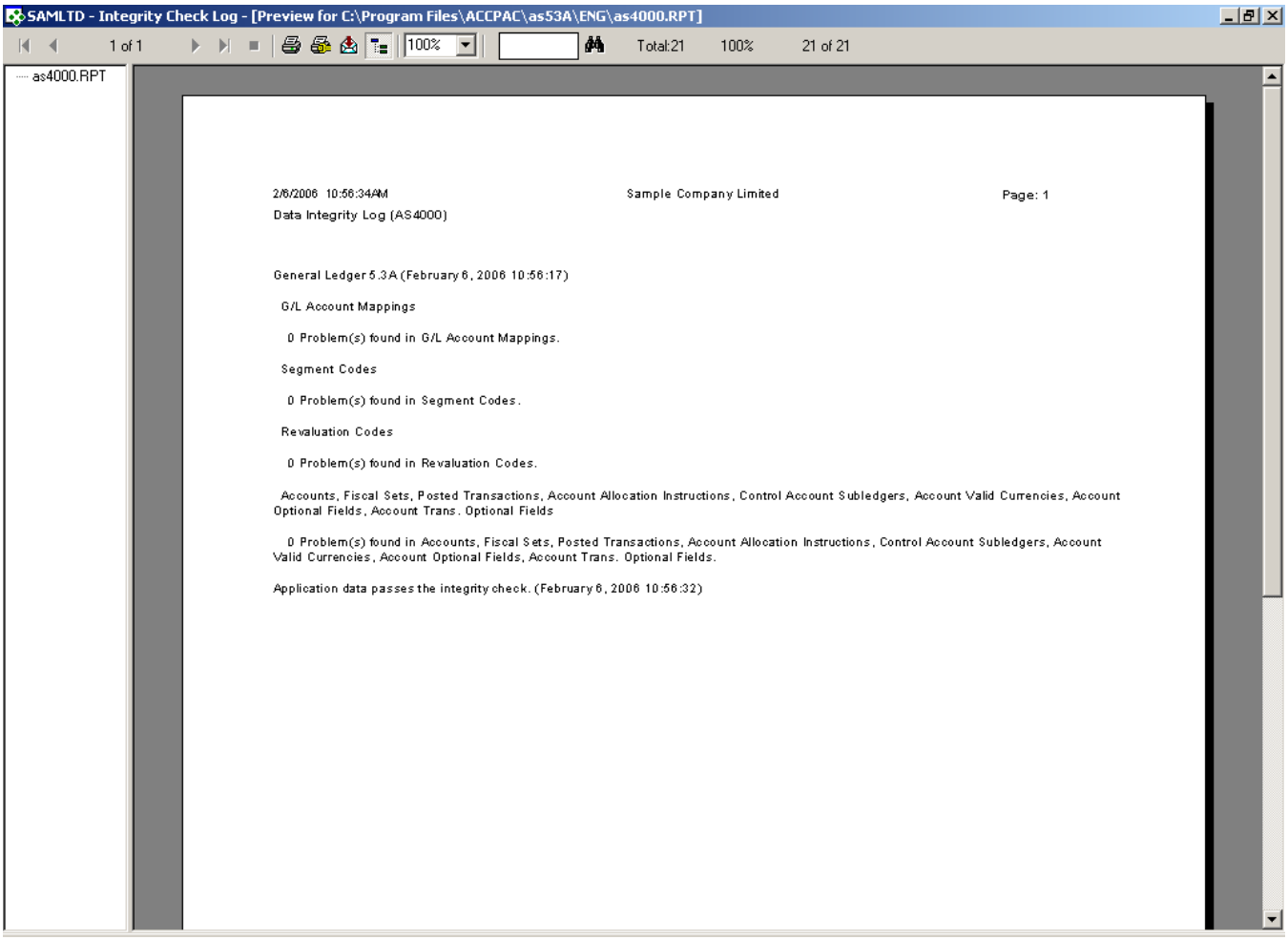
3. Click Check to begin the process. The Integrity Checker window appears (Exhibit 7-2).

EXHIBIT 7-2
Integrity Checker window



4. When complete, the Integrity Check Log will print according to your Print Destination setting. Exhibit 7-3 shows the log printed as Preview. Notice no problems were found and the application data passed the integrity check.

EXHIBIT 7-3
Integrity Check Log


SAMLTD - Integrity Check Log - [Preview for C:\Program Files\ACCPAC\as53A\ENG\as4000.RPT]
1 of 1
100%
Total:21
100%
21 of 21
as4000.RPT
2/6/2006 10:56:34AM
Sample Company Limited
Page: 1
Data Integrity Log (AS4000)
General Ledger 5.3A (February 6, 2006 10:56:17)
G/L Account Mappings
0 Problem(s) found in G/L Account Mappings.
Segment Codes
0 Problem(s) found in Segment Codes.
Revaluation Codes
0 Problem(s) found in Revaluation Codes.
Accounts, Fiscal Sets, Posted Transactions, Account Allocation Instructions, Control Account Subledgers, Account Valid Currencies, Account Optional Fields, Account Trans. Optional Fields
0 Problem(s) found in Accounts, Fiscal Sets, Posted Transactions, Account Allocation Instructions, Control Account Subledgers, Account Valid Currencies, Account Optional Fields, Account Trans. Optional Fields.
Application data passes the integrity check. (February 6, 2006 10:56:32)

5. Close the Integrity Check Log and the Data Integrity window to return to the company desktop.

By following these steps, you ensure the integrity of your data under most normal operating circumstances. However, it is no guarantee that there are no database errors. You should still perform regular backups.

TOPIC 7.3

Operating procedures

Transaction entry and posting procedure

You should follow this procedure for entering and posting transactions:

1. Analyze transactions and determine how to record the transactions.
2. Enter the transactions into a transaction batch or batches.
3. Print the transaction batches and check for errors and omissions.

4. Always back up the data before posting.

5. Post the batches, which will trigger the printing of the posted batch.

6. Collect the batch listings and posting journals in a file. This file constitutes a complete audit trail.

TOPIC 7.4

Month-end procedures

To ensure streamlined operations, a set of procedures should be implemented for the end of each fiscal period. A common practice is to set up each calendar month as a fiscal period. In this topic, the term "month" rather than "fiscal period" will be used for clarity. In some industries, a four-week fiscal period (13 per year) is common.

If month-end procedures have been properly designed and supervised, operating the general ledger takes little effort. Without established procedures, however, it may be difficult and time-consuming at year end to determine the exact status of the general ledger, and to adjust and close the accounts for the year.

Many companies have recurring month-end transactions routinely entered, for example, mortgage payments or rent, amortization of capital assets, and allocation of prepaid expenses such as insurance.

You can precode these entries in a recurring batch. An example of a recurring transaction is monthly straightline amortization expense, assuming that no additions or deletions are made to the capital assets. When you set up a recurring batch, you enter the period of recurrence (monthly or quarterly), the amounts and accounts, and then save the batch and post it as required.

At month end, you should also review the trial balance to determine if any adjustments are required to the general ledger accounts. (See Lesson 5 for a description of this process.)

Note that recurring batches can also be used for transactions using the same accounts but different amounts. Before posting, adjust the amounts.

Recommended month-end procedures

The following month-end procedures for the general ledger are recommended:

1. Perform a bank reconciliation and account for all outstanding cheques and deposits in transit. Replenish petty cash if necessary. (You should have covered this step in *FA1*.)

2. Enter (or retrieve and amend if necessary) and post month-end recurring batches and quick transactions as required. (See Lessons 3 and 7.)

3. Print the preliminary trial balance at the end of the month. (See Lesson 2.)

4. Review the trial balance and determine if any adjustments are necessary. Determine if any month-end accruals are necessary. (If you are unsure of this step, a review of *FA1* and Lesson 5 of this tutorial will help.)

5. Enter the adjustment transactions into a batch. Print the batch listing. (See Lesson 3.)

6. Back up the general ledger and post the adjustment transaction batch, which will automatically print the posting journal. (See Lesson 4.)

7. Print the month-end financial statements. Make sure the balance sheet balances and the net income amount in the income statement matches that on the balance sheet. (See Lesson 6.)

8. Print a transactions listing for the entire month. (See Lesson 5.)

9. Assemble in a file folder the batch listings, posting journals, final adjusted trial balance, month-end financial statements, and transactions listing for the month. This folder comprises the month-end file for the fiscal period. File it carefully because it represents the official audit trail.

10. Quit the general ledger and back it up on removable media, and store the backup media with the listings and printouts from step 9. (See Lessons 2 and 7.)

11. Make an extra archive copy of your general ledger data and store it off-site.

12. Depending on the volume of transactions and storage capacity, you may want to consolidate posted transactions to save disk space. (See Topic 7.6.)

13. Close the fiscal period when no significant change is expected. This prevents accidental posting to the wrong period. You can always open the period later, if necessary.

Starting a new month

At the beginning of each month, certain amounts, which were accrued at the end of the previous month, should be reversed. Examples of such amounts include accrued liabilities, accrued payroll, and accrued interest. Accpac can automatically reverse entries in the next period if they were originally set up to be reversed. Pay special attention to automatically reversed entries at the last fiscal period of a fiscal year. If a new fiscal year has not been created, the reversing entry will not post properly. See Topic 7.6 for a description of procedures for opening a new fiscal year.

By reversing these accruals, you do not need to track them when recording the actual transactions. For example, if accrued interest is reversed at the beginning of the month when the actual interest is received, you simply record the receipt as interest income. If you did not reverse the accrued interest, you would have to record the accrued portion against accrued interest receivable, and the balance as interest income.

When you post a reversing transaction batch, it automatically posts the original transaction in the current period and the reversing transaction in the next period, so your general ledger is ready for the new month.

TOPIC 7.5

Year-end procedures

One major benefit of using Accpac is that year-end procedures are significantly simpler than with a manual general ledger. However, a systematic approach is necessary to ensure all the steps are followed and completed efficiently.

Recommended year-end procedures

Following are the recommended year-end procedures for the general ledger:

1. Complete the month-end procedures for the last month of the fiscal year. Once completed, no batches should be outstanding and all posting journals should be posted.

2. Print the unadjusted year-end trial balance. (See Lesson 2.)

3. Review the trial balance to determine if any year-end adjustments are necessary, such as bad debts, amortization, inventory writeoff, and accruals.

4. Enter the adjusting transactions into a batch. Print the batch listing. (See Lesson 3.)

5. Back up the general ledger data. (See Lessons 2 and 7.)

6. Post the adjusting transaction batch, then print the posting journal. (See Lesson 4.)

7. Print the adjusted trial balance. (See Lessons 2 and 5.)

8. Print the year-end financial statements. (See Lesson 6.)

9. Optionally, you may wish to print the transactions listing for the entire year at one time. This will facilitate the annual audit. (See Lesson 5.)

10. Perform a data integrity check at year end. (See Lesson 7.)

11. Collect the batch listings, posted journals, final adjusted trial balance, year-end financial statements, and transactions listing for the last month (or year) in a file folder. This file forms the year-end file for the fiscal year.

12. Create a new fiscal year.

13. Close the general ledger. Back up the general ledger and store the backup files with the listings and printouts from step 11. Ensure you have an extra backup of your data files for storing in a secure off-site location.

TOPIC 7.6

Starting a new fiscal year

When the recommended year-end procedures are almost complete and you are ready to start entering transactions for a new fiscal year, there are two major steps to take:

1. Create a new fiscal year.
2. Perform period-end maintenance.

Create a new fiscal year

Creating a new fiscal year is similar to closing the books in a manual general ledger. Accpac creates a batch that adds or subtracts the balance of each income statement account to or from the Retained earnings account and sets each income statement to zero. Accpac then posts the batch automatically and a posting journal is created as part of this procedure.

Specifically, Accpac creates a set of all active accounts in the new fiscal year. It also "rolls forward" the account balances so that opening balances are established to be identical to all closing balances in the previous fiscal year (for balance sheet accounts only). In the case of revenue, expense, gain, and loss accounts, the opening balances are established as zero.

Before running the Create New Year function, you need to set up a new fiscal year in the Fiscal Calendar icon under Common Services. Click the New button, then click Add to save your changes.

Perform period-end maintenance

It is advisable to perform period-end maintenance to save disk space. This clears obsolete data by deleting inactive accounts, transaction detail history, fiscal set history, and resetting batch numbers.

Consolidate posted transactions

In the General Ledger module, you can consolidate posted transactions. You would normally consolidate a period when you no longer need the detailed transaction information.

Consolidating a period creates a single posted summary amount for each account carried forward to the next period. Consolidating is optional. If you wish to continue to access the detailed transactions, you should not consolidate. You should always print financial statements and a trial balance before and immediately after consolidating a period. You should also always back up your data prior to doing a consolidation.

Clear history

This option clears printed posting journals and clears deleted posted batches.

TOPIC 7.7

Internal controls

The general ledger contains financial information critical to a company's operations. Many companies keep their financial information confidential. There are many reasons for that. A company may have concerns that a competitor could benefit from having operating cost information. Insider trading can be a problem when someone gets access to information before it is public. Therefore, internal controls play a major role in protecting this information.

Following is a basic set of internal controls that can be used to protect the financial information in a general ledger:

1. Control access to general ledger data.

2. Do routine backups.

3. Store the backups off-site to control access and to ensure that if the building is destroyed the data is still protected.

4. Handle printed output properly. Confidential printouts should be filed or shredded when not required.

Control access to general ledger data

Access to the general ledger data and program should be limited to authorized personnel. At the least, the computer in which the general ledger data are stored should be protected against unauthorized use. One simple method is to install a power-on password on the computer. However, if the computer is used by more than one person, you may need a specific control access to the general ledger program and data. This can be done with Accpac.

Your password should be unique, yet easy to remember. Avoid passwords that are too obvious or easily guessed. Your last name or first name is the worst possible password. Your telephone number, birthday, and names of spouse, children, or pets are also poor choices. A password consisting of a combination of letters and numbers, however, is much more difficult to break.

Details for setting up and maintaining this powerful feature of Accpac are contained in the System Manager Guide. You can also use the Help menu from the menu bar. The details of setting security in Accpac is beyond the scope of this tutorial.

Do routine backups

The importance of doing backups cannot be stressed enough. You *must* back up the general ledger regularly. When using Accpac, it is recommended that you back up your general ledger data at several points, such as prior to posting transaction batches, modifying historical data, or closing the general ledger for the year. Do *not* skip any of the recommended backups.

To ensure that you can recover from a hardware failure, you should have more than one backup copy for your general ledger. Then, if the first backup fails, you have another to fall back on.

You should also develop the habit of checking your backup media for possible defects, using the appropriate command in your backup program. If the media has a physical defect, replace it.

Access to the backup copies should be controlled, giving only authorized individuals access. The best place to store the backup copies on-site is a fireproof safe or a locked cabinet.

Store the backups off-site

As a CGA student, it is probably not critical for you to store your general ledger backup copies in a location away from your computer. However, for many organizations, storing at least one of the copies off-site is an important part of internal control procedures. In the event of fire or burglary, without off-site storage, there may be no other means of recovery.

The best place to store your backup is with a bonded data storage facility with fire suppression systems and temperature and humidity control. Some companies provide this

type of service for a fee. Banks are also good choices because most backup media are small enough to fit into a safety deposit box. If neither is feasible, the next best alternative is a fireproof safe or locked cabinet in another office or branch of the same organization, but located in another building. Backup copies stored in another building must be protected in the same way as backup copies stored on-site.

Many organizations ask their accountant or manager to take home backup copies of their general ledger data files to provide off-site storage. This practice has some advantage, but is fraught with problems. The trunk of a car or a desk drawer in a basement are not ideal places to store confidential information. Neither is suitable for long-term storage of computer media because of the risk of temperature and humidity changes. Furthermore, any dispute with the accountant or manager over the terms and conditions of employment may make recovery of the backup copies difficult.

Handle printed output properly

If the general ledger information is considered confidential by the organization, appropriate care must be taken in the handling of printed output. Draft copies of the trial balance, financial statements, and general ledger listings should be shredded when no longer required. It goes without saying that copies of these, and other confidential materials, should never be left lying around for anyone to see.

Only authorized individuals should have access to the confidential printouts. The storage area for confidential material should be locked when not in use.

TOPIC 7.8

Self-testing questions

1. Your friend wants to set up a chart of accounts using Accpac. She has been told that it is possible to use descriptive names for accounts rather than account numbers, an idea that greatly appeals to her. Her general ledger will need about 350 different accounts. Explain to your friend the advantages and disadvantages of using descriptive account names rather than numeric account codes. What advice would you give her?

2. Is it necessary to have a structured chart of accounts in Accpac? For example, can the chart of accounts start with expense accounts, followed by asset accounts, revenue accounts, liabilities, and equity accounts?

3. Why is it necessary to file and keep the posted journals?

4. Is it necessary to print the transactions listing at all? If the transactions listing is not printed, can the general ledger still be closed?

5. Why is it necessary to protect the general ledger data from unauthorized access?

6. Bob is the owner of a small manufacturing firm. His accountant, Mary-Ann, insists that it is critical to store at least one backup copy of the general ledger off-site. She suggests her basement as an ideal storage site because she can get to the backup copy easily. Is this good advice? Why or why not?

7. Suppose that two individuals share one computer. Of the two, only one is allowed access to the general ledger data. What mechanism best provides this control?

8. Torban is a new accountant for a small, privately held firm. He is surprised to find that computer printouts from the general ledger are regularly discarded in the waste basket with no concern about the environment. During the first week of his employment, Torban implemented a paper recycling program by placing recycling boxes around the office and arranging a paper recycling firm to pick up the boxes on a monthly basis. What is right or wrong about Torban's action?

TOPIC 7.9

Taking stock

You have now completed a full cycle of operating a general ledger using Accpac. The steps you have taken include:

working with a chart of accounts
making changes to the chart of accounts
adding and deleting accounts
entering historical data
backing up your general ledger
entering, editing, and posting batches of transactions
printing an unadjusted trial balance
making adjusting entries
examining an adjusted trial balance
printing a transactions listing
designing and printing financial statements
modifying Accpac financial statement layouts
closing your general ledger at fiscal year end
designing a chart of accounts
developing periodic operating and maintenance procedures for your general ledger
designing basic internal control procedures

You should now be able to operate a general ledger using Accpac. In the CGA program of studies, you will have ample opportunity to work with this program, so keep this tutorial handy as you work through your course material.

APPENDIX A

Installing Sage Accpac ERP CGA 5.6A

This appendix describes how to install and remove Sage Accpac ERP CGA 5.6A. Before installation, make sure your computer meets the minimum system requirements as published by your regional CGA office.

The Sage Accpac ERP installation DVD also includes Microsoft SQL Server 2008 Express as the database engine.

Notes:

- A system restart may be required part way through the process. If so, restart your computer before continuing.
- Some components may already be installed on your computer.
- The entire process may take *up to two hours* to complete.
- Once installed, Sage Accpac ERP and the CGA Data Loader utility must be run "as Administrator" to work properly with Windows User Account Control. To do this, right click the shortcut to the application and choose Run as Administrator. (Note that this is not the same as being logged into your computer with an unrestricted "Administrator" account.)
- Throughout the process the Windows User Account Control may ask you to Allow the application. You may do so.

Topic outline

A.1 Uninstalling any existing version of Sage Accpac
A.2 Installing Microsoft SQL Server 2008 Express
A.3 Installing Sage Accpac ERP CGA 5.6A
A.4 Loading Company Data
A.5 User manuals for Accpac

TOPIC A.1

Uninstalling existing Sage Accpac ERP CGA 5.3A

You cannot use this edition of Sage Accpac with any other edition. If you have another version or edition of Sage Accpac ERP installed on your machine, remove it before installing this edition. If you have not installed a previous version of Sage Accpac ERP, you may skip these steps and proceed with Topic A.2

If you have a previous **CGA** version of Sage Accpac ERP you must remove it as well as the ACCPAC53CGAR2 database engine instance of SQL Server 2005 Express Edition. Use Control Panel, Programs and Features to uninstall the following applications:

- Sage AccPac
- SQL Server 2005
- SQL Server Native Client

1. Open Control Panel, Programs and Features.
2. Click Sage Accpac 5.3 CGA and choose Uninstall. Wait for the uninstall to complete

3. Click Microsoft SQL Server 2005 Express Edition and choose Uninstall. Wait for the uninstall to complete.
4. Select the ACCPAC53CGAR2 Database Engine instance and click OK to continue. Wait for the uninstall to complete.
5. Click the Microsoft SQL Server Native Client and choose Uninstall. Wait for the uninstall to complete.

TOPIC A.2

Installing Microsoft SQL Server 2008 Express

1. Insert the Accpac DVD in your drive. Windows' AutoPlay dialogue will open. Click Run autorun.exe and click to allow it to run. The Sage Accpac ERP CGA 5.6A setup menu will open. If the AutoPlay dialogue does not appear, open Computer from the Start menu, right click the DVD drive and choose Open. Double click autorun.exe.

EXHIBIT A-1
Windows Autoplay

AutoPlay
DVD RW Drive (D:) Sage Accpac ERP 5.6A for CGA
Always do this for software and games:
Install or run program
Run autorun.exe
Publisher not specified
General options
Open folder to view files using Windows Explorer
Set AutoPlay defaults in Control Panel

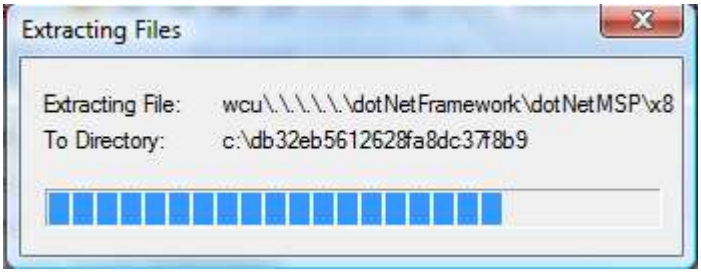
2. On the setup menu, click Microsoft SQL Server 2008 Express.

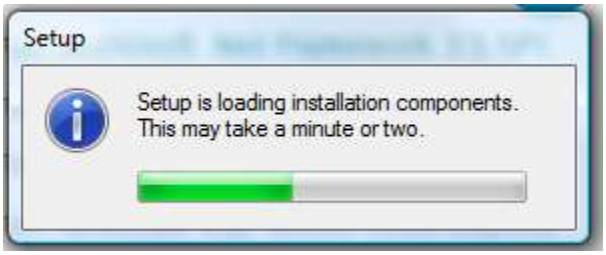
EXHIBIT A-2
Setup Menu

Sage Accpac
Extended Enterprise Suite CGA Edition
Microsoft SQL Server 2008 Express
Step 1. Install Microsoft .Net Framework 3.5 SP1
Step 2. Install Windows Installer 4.5
Step 3. Install Windows PowerShell 1.0
Step 4. Install Windows SQL Server 2008 Express
CGA
sage
Browse DVD | Support | sageaccpac.com |
Back | Exit |

3. Click Install Microsoft .NET Framework 3.5 SP1. The files are extracted and the setup starts.

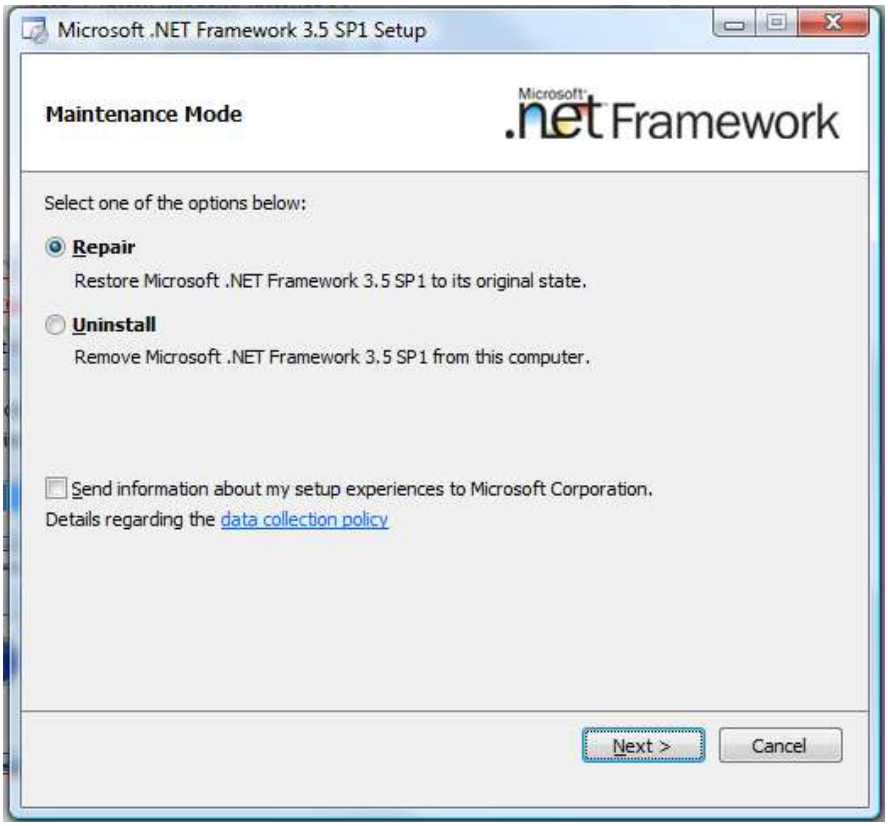
EXHIBIT A-3
Extracting Files





If your computer already has .NET Framework 3.5, you may see a Maintenance Mode dialogue. Click Cancel to abort the installation as it is not necessary to continue.

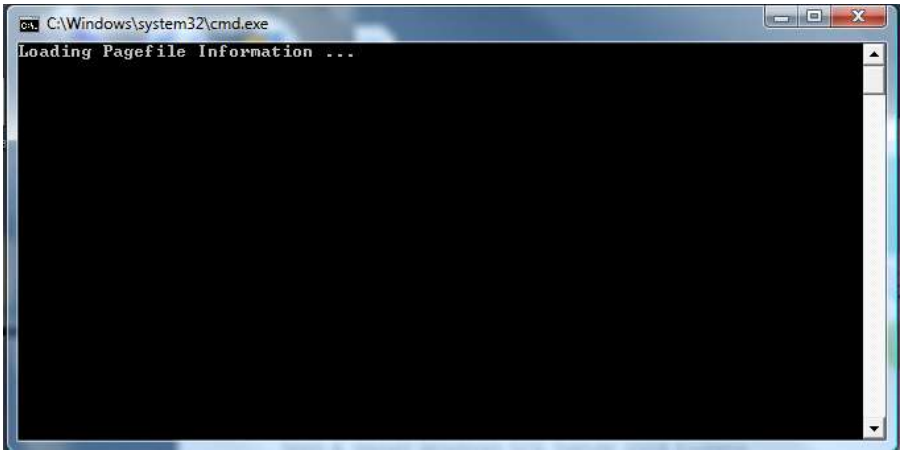
EXHIBIT A-4
Maintenance Mode


Microsoft .NET Framework 3.5 SP1 Setup
Maintenance Mode
Microsoft .net Framework
Select one of the options below:
Repair
Restore Microsoft .NET Framework 3.5 SP1 to its original state.
Uninstall
Remove Microsoft .NET Framework 3.5 SP1 from this computer.
Send information about my setup experiences to Microsoft Corporation.
Details regarding the data collection policy
Next >
Cancel

If a message appears recommending that you "...download and install the latest service packs and security update...," this can be ignored for now.

4. Click Install Windows Installer 4.5. The installation opens a "command prompt" Window similar to the one below. You can ignore this window.

EXHIBIT A-5
Command Prompt

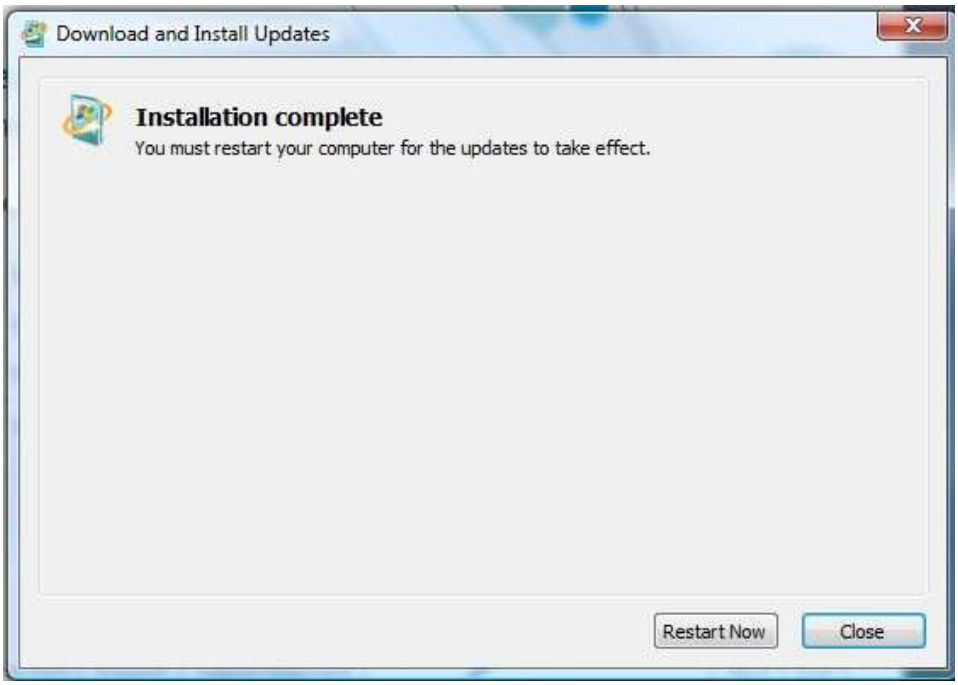


The software installs as a Windows Update "Hotfix." Follow the prompts accepting all defaults.

EXHIBIT A-6
Windows Update Standalone Installer

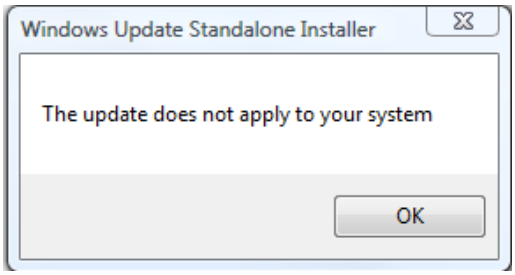
5. You may need to restart your computer at this point. If so click Restart Now. When your computer has restarted, reinsert the Sage Accpac DVD and click to accept the autorun.exe or start the autorun.exe as you did in Step 1.

EXHIBIT A-7
Installation Complete


Download and Install Updates
Installation complete
You must restart your computer for the updates to take effect.
Restart Now
Close

6. At the initial menu click Microsoft SQL Server 2008 Express, and then continue with Windows Powershell 1.0 as described in the next step. If your computer already has this update, you will see this message.

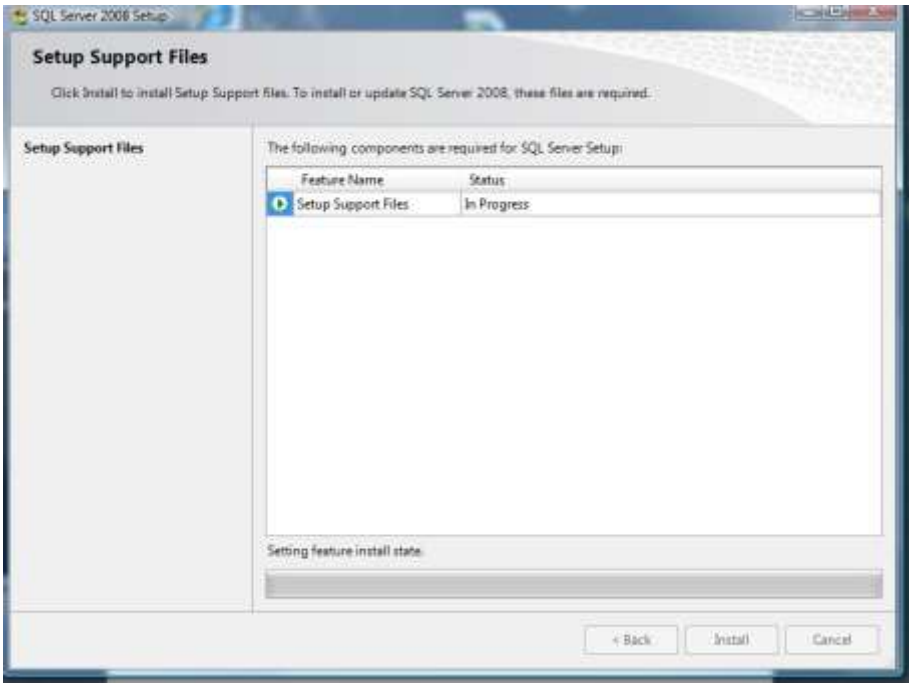
EXHIBIT A-8
Windows Update Message



7. Click Install PowerShell 1.0. As with the previous item, a command window is opened and the update may not apply to your system. Follow the prompts accepting all defaults.

8. On the Microsoft SQL Server 2008 Express menu, click Install Windows SQL Server 2008 Express. Again a command window is opened. Follow the prompts to complete the installation.

EXHIBIT A-9
Extracting Files


SQL Server 2008 Setup
Setup Support Files
Click Install to install Setup Support files. To install or update SQL Server 2008, these files are required.
Setup Support Files
The following components are required for SQL Server Setup:
Feature Name
Status
Setup Support Files
In Progress
Setting feature install state.
< Back
Install
Cancel

9. On the Microsoft SQL Server 2008 Express menu click Back to return to the initial menu or restart the DVD if your computer has been restarted.

Your computer is now ready to install Sage Accpac ERP 5.6A CGA Edition.

Installing Sage Accpac ERP CGA 5.6A

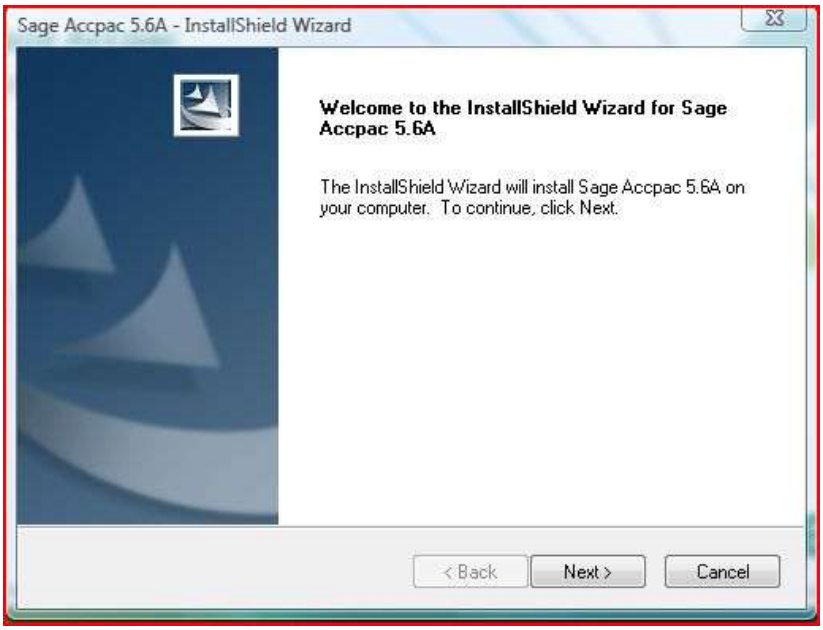
Follow these steps to install Sage Accpac ERP CGA 5.6A:

1. At the setup menu, click Sage Accpac ERP. The Sage Accpac ERP CGA Edition setup menu is shown.

EXHIBIT A-10
Setup Menu

2. At the Sage Accpac setup menu, click Install Sage Accpac ERP 5.6A. The system prepares for setup. At the Welcome dialogue, click Next.

EXHIBIT A-11
Install Shield Wizard


Sage Accpac 5.6A - InstallShield Wizard
Welcome to the InstallShield Wizard for Sage Accpac 5.6A
The InstallShield Wizard will install Sage Accpac 5.6A on your computer. To continue, click Next.
< Back
Next >
Cancel

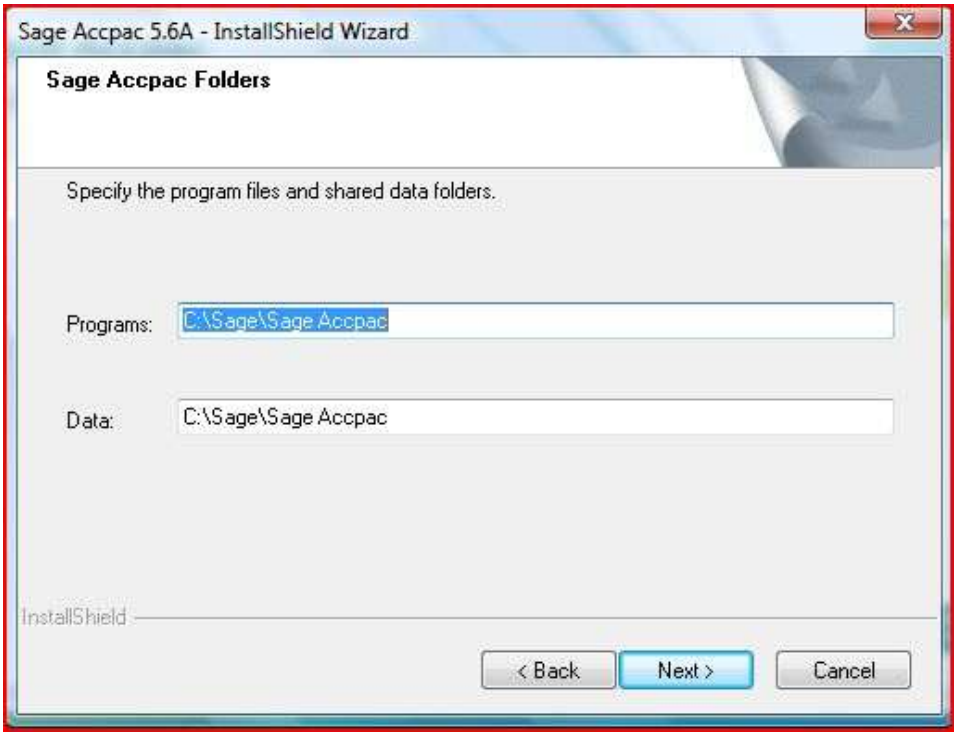
3. Click the option to accept the terms of the license agreement, and click Next.

EXHIBIT A-12
User License Agreement

Sage Accpac 5.6A - InstallShield Wizard
License Agreement
Please read the following license agreement carefully.
SAGE END USER LICENSE AGREEMENT
IMPORTANT - SCROLL THROUGH AND READ ALL OF THE FOLLOWING TERMS AND CONDITIONS
1. Grant of License. Sage hereby grants to You a limited, perpetual, non-exclusive, non-transferable (except as set forth in Section 4(b) below) license to Use the Software on the terms and conditions set forth in this End User License Agreement ("Agreement").
2. Introduction.
(a) Sage ("Sage" and other capitalized terms are defined below) is willing
I accept the terms of the license agreement
I do not accept the terms of the license agreement
Print
InstallShield
< Back
Next >
Cancel

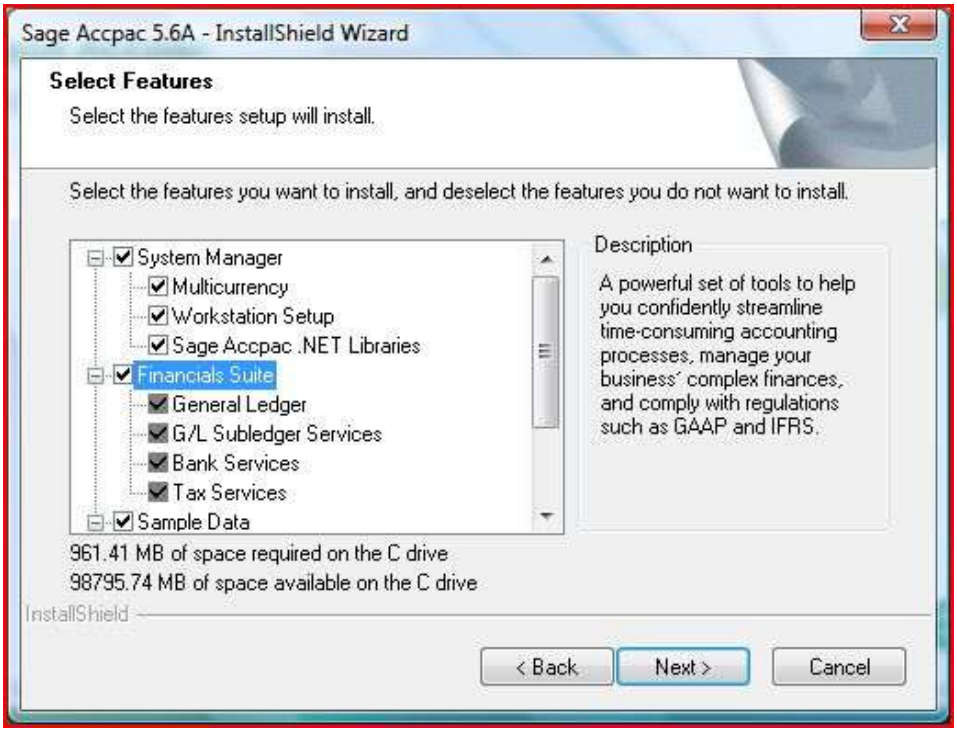
4. Click Next to accept the default installation folders.

EXHIBIT A-13
Sage Accpac Folders



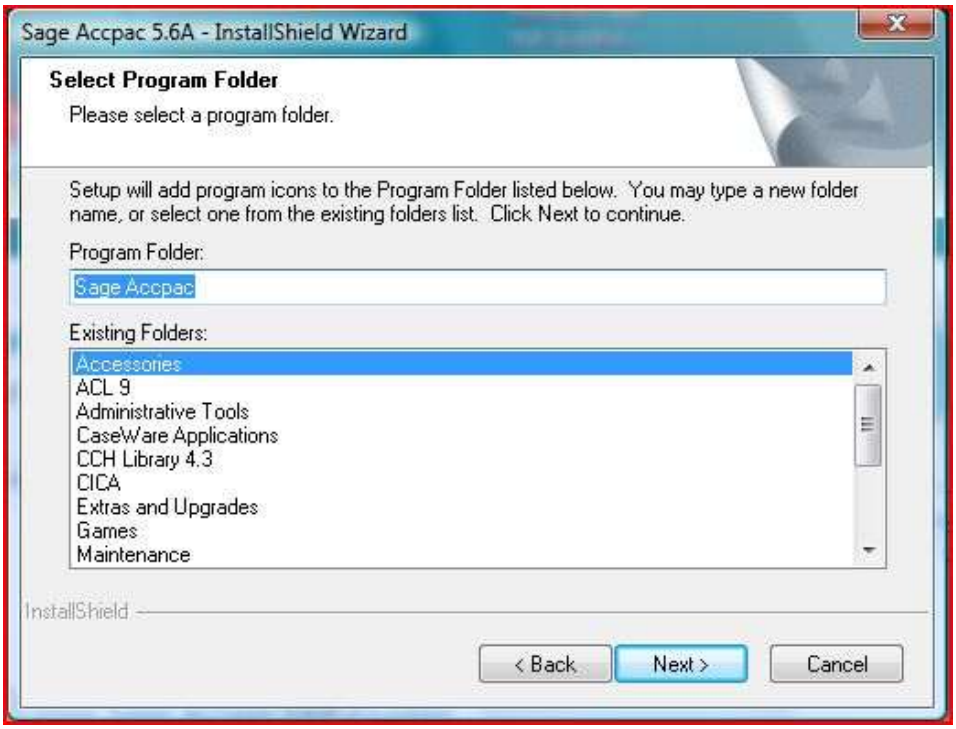
5. At the Select Features dialogue, **ensure** that the **Multicurrency** and **Financials Suite** (including the General Ledger) options **are selected**, and click Next.

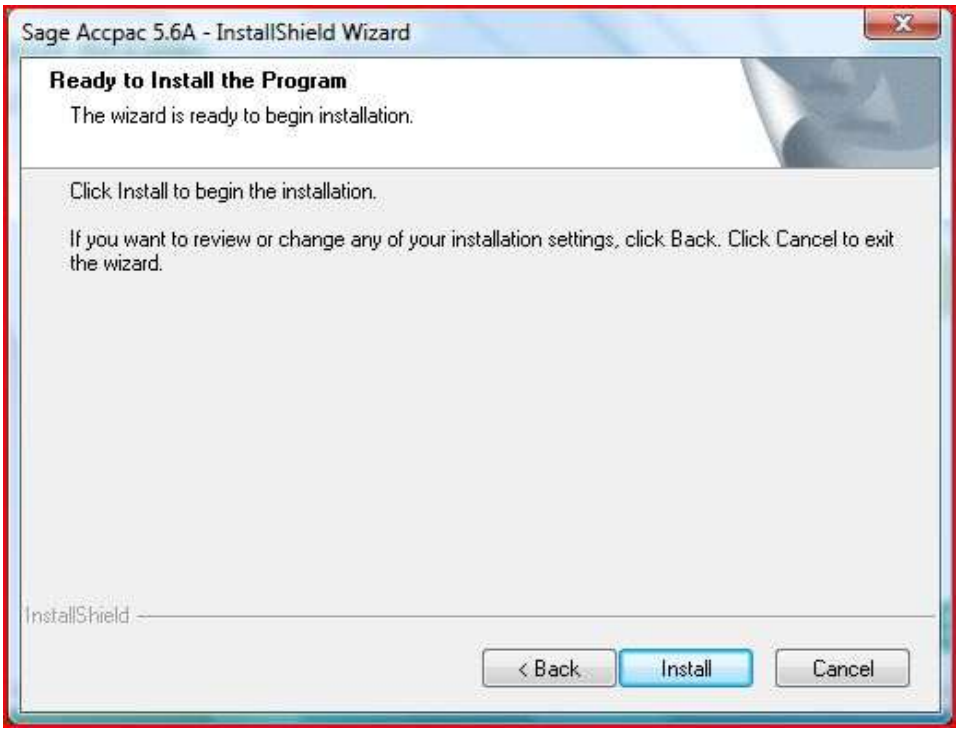
EXHIBIT A-14
Select Features


Sage Accpac 5.6A - InstallShield Wizard
Select Features
Select the features setup will install.
Select the features you want to install, and deselect the features you do not want to install.
System Manager
Multicurrency
Workstation Setup
Sage Accpac .NET Libraries
Financials Suite
General Ledger
G/L Subledger Services
Bank Services
Tax Services
Sample Data
Description
A powerful set of tools to help you confidently streamline time-consuming accounting processes, manage your business' complex finances, and comply with regulations such as GAAP and IFRS.
961.41 MB of space required on the C drive
98795.74 MB of space available on the C drive
InstallShield
< Back
Next >
Cancel

6. Click Next to accept the default shortcut location, and then click Install to begin the installation.

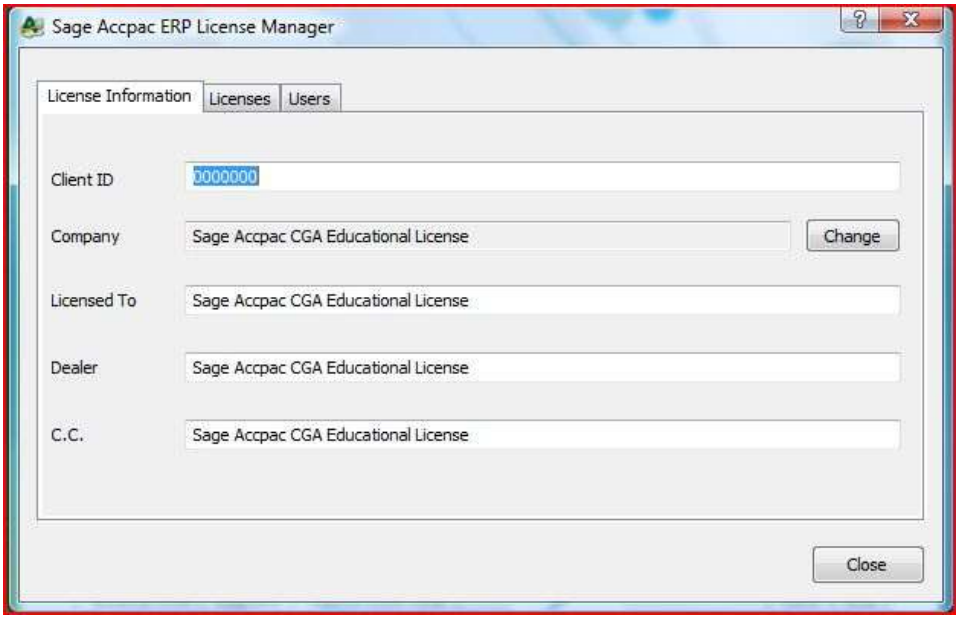
EXHIBIT A-15
Program Folder




Sage Accpac 5.6A - InstallShield Wizard
Ready to Install the Program
The wizard is ready to begin installation.
Click Install to begin the installation.
If you want to review or change any of your installation settings, click Back. Click Cancel to exit the wizard.
InstallShield
< Back
Install
Cancel

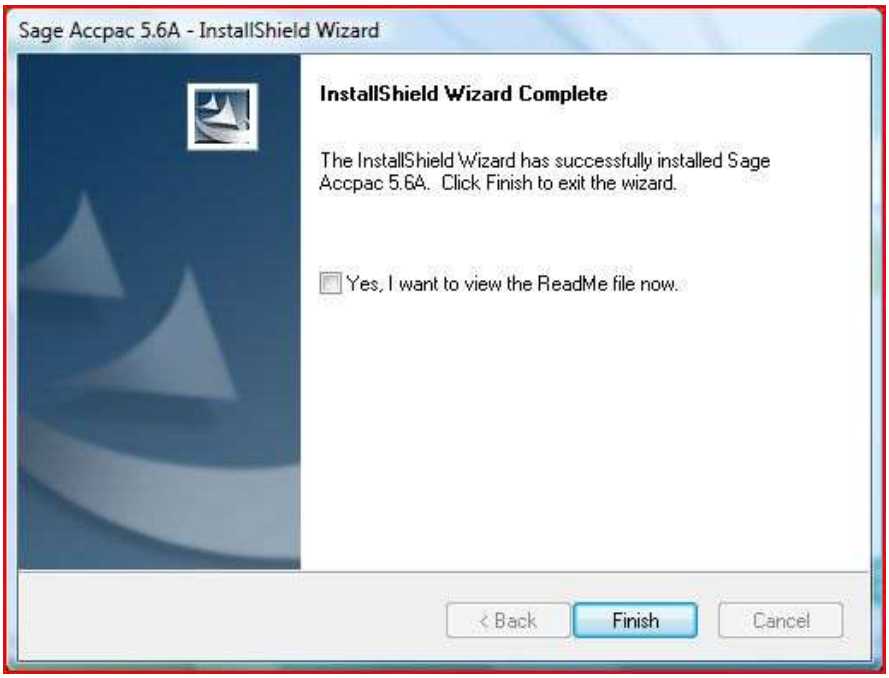
7. At the Sage Accpac ERP License Maker Page, click close to accept the defaults.

EXHIBIT A-16
License Manager



8. Click Finish on the Sage Accpac 5.6A InstallShield Wizard page. (**Note:** The Read Me page does **not** contain information needed for your coursework or running Accpac.)

EXHIBIT A-17
Installation Complete

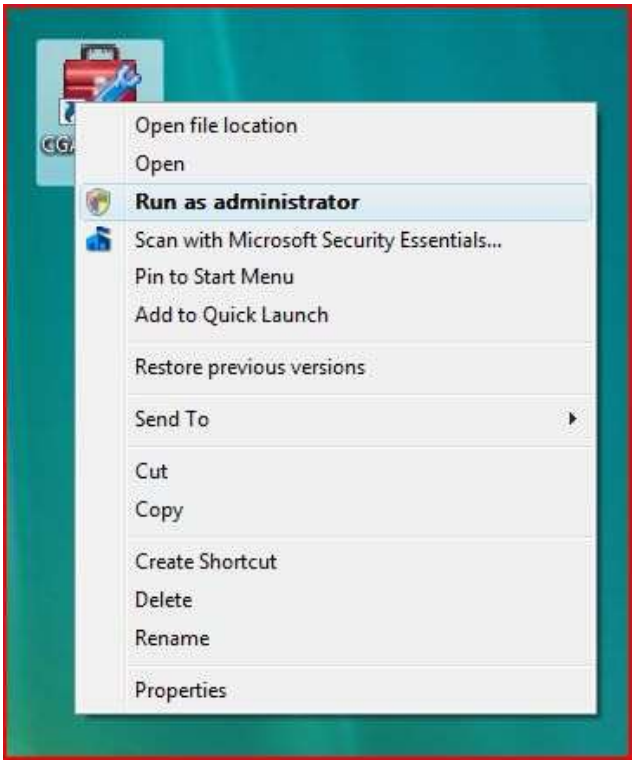

Sage Accpac 5.6A - InstallShield Wizard
InstallShield Wizard Complete
The InstallShield Wizard has successfully installed Sage Accpac 5.6A. Click Finish to exit the wizard.
Yes, I want to view the ReadMe file now.
< Back
Finish
Cancel

Data Loader

Sage Accpac ERP CGA 5.6A does not come with any company's dataset installed. You must download the data that is used in this tutorial from http://www.cga-education.org/2011-12/ct3/. Follow the instructions on that page to download and extract the data. Then you must use the Data Loader utility to load the data into Accpac. The steps to accomplish this are as follows:

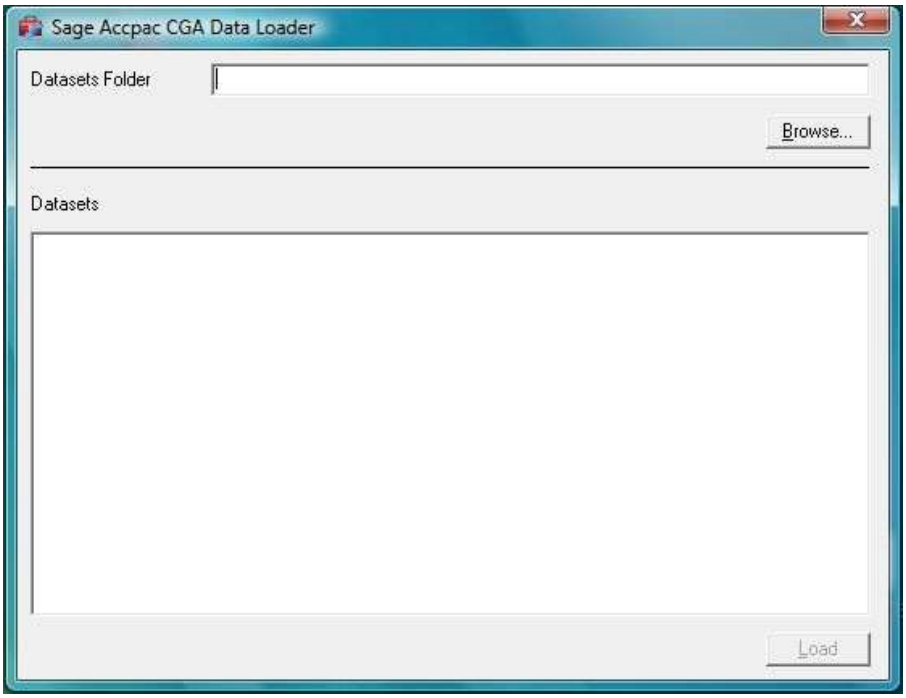
1. On the Windows desktop, right click Data Loader and choose Run as Administrator. As noted at the beginning of this appendix running the Data Loader utility and Accpac as administrator is necessary to allow proper functioning. Note that this is **not** the same as being logged into Windows with an unrestricted or "administrator" type User ID.

EXHIBIT A-18
Data Loader Menu



2. The Sage Accpac CGA Data Loader will open (Exhibit A-19).

EXHIBIT A-19
Sage Accpac CGA Data Loader

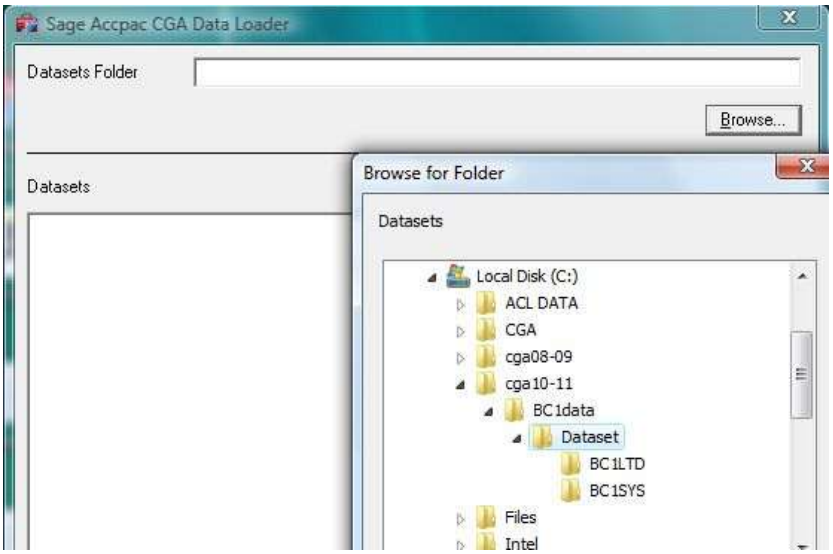


A company's dataset is simply a folder that contains five items:

- One folder containing the company database
- One folder containing the system database
- Three files needed in the Data Load process (two .dct files and one .ini file) (The naming convention for the company database and .dct file is xxxLTD, where xxx is an abbreviation of the company name. For the system database and .dct file, it is xxxSYS.)

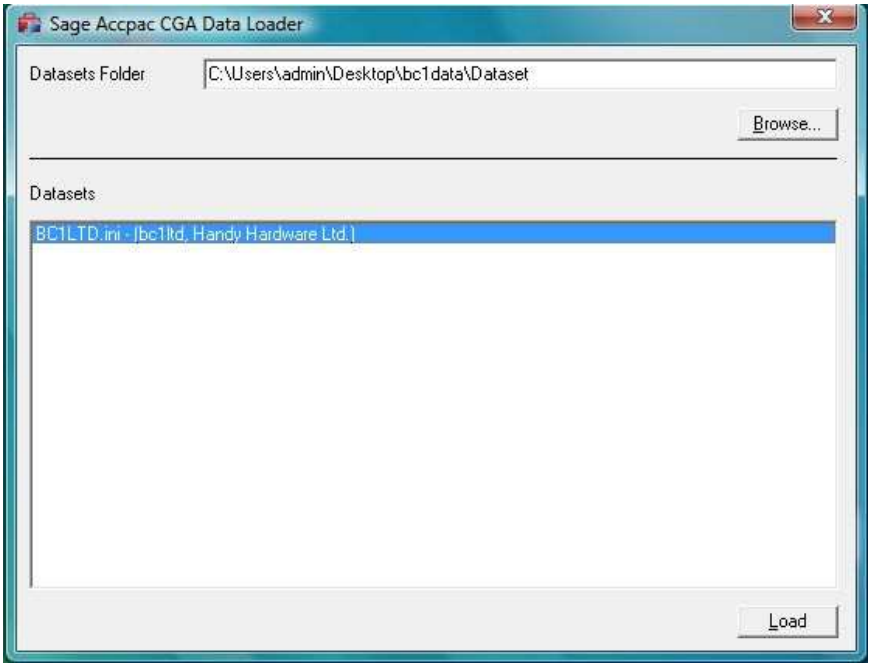
3. Click Browse and navigate to the dataset (Exhibit A-20). Click to select the folder that contains the folders described above. Do NOT click one of the subfolders within the dataset folder. Alternatively, type in the path to the dataset and press Tab. A list of available datasets will appear.

EXHIBIT A-20
Locating a dataset



4. Click on the dataset you want to load and click Load (Exhibit A-21).

EXHIBIT A-21
Selecting a dataset



5. The data will load. When complete, you should see the message in Exhibit A-22.

EXHIBIT A-22
Successful completion

Loading from a backup

You may wish to load a backup copy of the data, rather than the original data provided. To do this, you need to create a new dataset. Remember that a dataset is only a folder containing the five items needed in the Data Load process. In effect, you would be combining three of the items in the original dataset with the two items generated by your Database Dump (your backup).

The steps to load from a backup are as follows:

1. You must have created a backup of the data by running Database Dump. Two items were generated: a folder containing the company database and a control file with a .dct extension.

2. Note the location where you saved these two items.

3. From the original dataset, copy the following three items into the location of your backup in step 2:

   - the system database folder
   - the .dct file for system database
   - the .ini file

Once you have all five items stored in the same folder, you can run Data Loader as described above.

TOPIC A.4

User manuals for Accpac

Sage Accpac 5.6 does not ship with user manuals. All the information you need to use Sage Accpac ERP is contained in the online help. The DOCS subfolder in the Sage Accpac installation folder contains an Installation Guide and a Pre-installation Checklist in PDF (Adobe Acrobat Reader) files, with more detailed information about installing and configuring Sage Accpac.

You can download all version 5.5 manuals in PDF format, as well as technical information (such as database changes), from the Sage Accpac community page at http://community.sageaccpac.com/resources/.

TOPIC A.5

Uninstalling Sage Accpac ERP CGA 5.6A

To remove Sage Accpac ERP 5.6A, follow these steps:

6. Make sure you have exited Accpac.

7. From the Windows desktop, click Start, select Settings, then Control Panel.

8. In the Control Panel window, double-click Uninstall a Program on the Control Panel Home or Programs and Features from the Classic View.

9. In the Uninstall or change a program dialog box, click Sage Accpac 5.6A and click Uninstall.

10. A Confirm File Deletion dialog box opens. Click Yes to confirm that you want to remove the program.

11. During the uninstall, you may be prompted to remove certain shared files which the uninstall program thinks are no longer needed. In case of doubt, and to be safe, click No to all.

12. When your computer has finished uninstalling the program, click Finish.

13. Repeat steps 4 to 7 for Microsoft SQL Server 2008 Express to remove the database used with Accpac if desired.

14. Close all windows to return to the Windows desktop.

Solutions to self-testing questions

Lesson 1

1. A computerized general ledger keeps financial information electronically in a database. The database contains account numbers, names, budget information, and balances for each account (in the chart of accounts) for each period. Transactions are first entered in a transaction file called a batch. After the transactions are verified as being in balance, the batch is posted.

2. The three main differences between a computerized general ledger and a manual general ledger are:

   - The computerized general ledger is always in balance because transactions that would cause the general ledger to be out of balance cannot be posted. A manual general ledger could be out of balance.
   - A manual general ledger requires detailed posting procedures. In a computerized general ledger, once transactions are entered into the batch, a simple command posts the transactions to the general ledger.
   - A manual system usually requires a general journal to be kept. A computerized general ledger does not.

3. A chart of accounts is a logical structure of account numbers designed to expedite the finding of an account in the general ledger. It also has implications for preparing financial statements.

4. The company desktop in Accpac is the first window presented.

5. Computerized accounting software only allows transactions to be entered and posted if they are in balance. Debit and credit totals must be equal. There are also built-in controls to prevent introducing errors such as deleting accounts with existing balances or posting to non-existent accounts. It does not prevent accounting mistakes, however.

6. In a batch-oriented computerized accounting system, you enter transactions into a batch, then post each transaction batch. You can check the transactions before posting as permanent records. The direct entry method enables you to enter transactions directly. With direct entry there is no means to verify each transaction before it is reflected in the general ledger. Errors are more difficult to correct using the direct entry method.

Lesson 2

1. Three ways to enter information in a field of an input window are:

   - Type in the characters.
   - Make your selection from the drop-down list and it will be entered automatically.
   - Use the Finder button to the right of a field to locate your choice. Choose from the list of available selections displayed in the related window, click Select, and your choice is entered automatically.

   Often a given field will have only one of these options available.

2. In Accpac:

   a. An account number, or account code, identifies the account in the chart of accounts. It is normally a number but it can be a combination of numbers and letters.
   b. An account description, which consists of up to 60 characters, gives an account an easily recognizable name.
   c. An account type designates how the account is closed during the year end. Balance sheet accounts balances are carried over to the next year; all income statement accounts are set to zero; and the net of all income statement accounts is added to the retained earnings account(s).
   d. An account group is used to facilitate financial statements design.

3. The two types of accounts are balance sheet accounts and income statement accounts. Balance sheet accounts hold information pertaining to the balance sheet items in the chart of accounts. Income statement accounts hold information on the income statement items. There must be at least one retained earnings account in the chart of accounts.

4. To print the chart of accounts, select the desired print destination. On the company desktop, click G/L Reports, then double-click the Chart of Accounts icon. Choose the type of report desired. Then click Print.

5. Account numbers should be in a logical sequence and spaced apart. For example, a balance sheet account should be numbered in the same sequence that appears on the balance sheet. Similarly, an income statement account should be numbered in the same sequence that appears on the income statement. Allowing sufficient gaps between accounts permits future additions between accounts.

Lesson 3

1. A journal entry in Accpac consists of any number of debit and credit lines to describe a financial transaction. A transaction with the total debit and credit amounts out of balance can be saved. However, before it can be posted, the total debit amount must equal the total credit amount.

2. Transaction entries can be grouped and entered into batches in Accpac. A transaction batch is a set of related transaction entries that can be logically grouped together. An example of a transaction batch is the set of all the transaction entries that record all the financial events for the first two weeks of the month.

3. Click G/L Transactions on the left, then double-click the Batch List icon on the right. The G/L Batch List window opens. In the G/L Batch List window, click the New button. The G/L Journal Entry window opens. Enter Batch and Entry descriptions. Enter the Date and the Year/Period. Enter the Source Code. Enter a Reference and a Description. Enter the required accounts and enter the debits and credits as required.

   After entering the entry, click Add to save the entry to the batch.

4. In the G/L Journal Entry window, click the Credit column of the second detail line and enter **10000**. Press **INSERT** to advance to a new line and enter the balance for the liability account. Click Save to save the changes to the entry.

5. To change a debit entry of a transaction line into a credit entry, display the batch in the G/L Batch List window, then double-click the batch to open the G/L Journal Entry window. Locate the entry you want to change and select it. Move the cursor to the Debit column for the detail line that needs to be changed, double-click it, then

press the **BACKSPACE** or **DELETE** key to erase the entire debit amount. Press **ENTER** (or **TAB**) to move the cursor to the Credit column, where you can enter the credit amount. Click Save to save the changes to the entry.

6. Ensure your preferred print destination is selected using File, Print Destination. In the G/L Batch List window, find and select the batch you wish to print. Click the Print button. The G/L Batch Listing Report window appears. Select your criteria or accept the defaults. Click Print.

Lesson 4

1. During posting, a lot of files are updated to include the effects of the transaction entries. If there is a hardware or software problem, the data files will be corrupted. Besides restoring the files from backup, there is no solution except for re-creating the data from scratch or having a consultant repair the data. Data repair is always expensive and causes delays. Re-creating the data from scratch is never practical. If there are a lot of errors in a very large batch, it may be easier to restore the files from the backup, modify the batch, and post it again.

2. If any of the transaction entries in a batch contains an error, it will not be posted to the general ledger. The batch will look like it has been posted, but when you go back into the list of batches it will still be there.

3. Once a transaction batch has been posted, you cannot edit any of the transactions in the batch. However, changes can be made by posting adjusting entries.

4. There are two methods to correct or change an error in a transaction that has been posted:

   a. Post an entry that adjusts the accounts to the desired amount:

	Dr.	Cr.
Revenue	500.00	
Accounts receivable		500.00

   b. Create two entries — one to reverse the original entry, and another to enter the amounts correctly:

Revenue	1,800.00	
Accounts receivable		1,800.00
Accounts receivable	1,300.00	
Revenue		1,300.00

Lesson 5

1. A transactions listing is a detailed record of transactions posted to all the general ledger accounts. Although it can be printed at any time, it is a good practice to print and file the listing of all accounts at the end of a fiscal period, after all transactions have been entered and posted to the general ledger. The transactions listing is used to verify transactions that result in the account balance. At year end, it is desirable to print the transactions listing for the entire year. This can assist you with year-end reconciliations, and so on.

2. A trial balance produced by Accpac is always in balance if the trial balance includes all accounts. This is because you cannot post transactions into the general ledger which would cause the general ledger to be out of balance.

3. For each revenue or expense item that should be accrued, adjusting transactions are created and entered into an adjusting batch. The adjusting batch is printed and checked for errors. After ascertaining that the batch containing adjusting entries is error-free, the general ledger is backed up and the adjusting batch posted. After posting, another trial balance is printed to ensure that the general ledger is complete.

4. Adjustments are required to correct any errors of posted transactions or omissions and to accrue revenues and expenses. Typical adjustments are:

   - recording bank charges, NSF cheques, and interest charges
   - reversing interest charges on customers' accounts
   - recording bad debt expense
   - adjusting accrued liabilities for expenses such as wages earned but unpaid, professional services received, and so on
   - recording amortization charges

5. Prior period adjustments are sometimes required to reverse or correct an error in the previous year's data:

   - to enter adjustments that come to light during an audit, but after the books are closed for the year
   - to enter opening balances or historical transactions for previous years

6. The following three conditions are required to post an adjusting entry to a prior period:

   - the fiscal period must exist in the fiscal calendar
   - the prior fiscal period is not locked
   - the option Allow Posting to Previous Years is selected in the G/L Options window

Lesson 6

1. The six basic financial statements supplied with Accpac are:

   - Balance Sheet
   - Comparative Balance Sheet (Current Year/Last Year)
   - Comparative Balance Sheet (Current Month/Last Month)
   - Income Statement
   - Comparative Income Statement (Current Year/Last Year)
   - Comparative Income Statement (Current Month/Last Month)

2. Accpac provides the Statement Designer which you can use to specify the format of a financial statement. You can either alter an existing format or create a new one.

3. Click Financial Reporter in the left navigation pane, then double-click the Statement Designer icon on the right. The G/L Statement Designer window opens. Click Start. Excel is launched. Open your statement and modify it.

4. The simplest way to format the balance sheet is to enter **1600:1605** in Column A. Then enter a **T** on the same line in Column D. This will report the two amounts together on one line.

Lesson 7

1. If letters are used in the account code, the chart of accounts will be sorted in alphabetical order automatically. The chart of accounts will not be sorted in an order you would expect in a balance sheet or income statement. Some income statement accounts may appear between balance sheet accounts. Also, Accpac enforces the length you put in an account segment. This may result in awkward and inconsistent abbreviations. You should advise your friend to use numeric account codes.

2. Accpac places few restrictions on the structure of the chart of accounts. It is possible to set up the chart of accounts as described in the question. Indeed, you can even alternate accounts between the various account types or randomly assign account numbers. The problem, however, is that such a chart of accounts will be very difficult to work with and prone to errors during transaction entry. It also makes producing financial statements more difficult.

3. The posted journals form part of the official audit trail. An audit trail enables the accountant or auditor to trace the transactions, and determines that an account is correct as shown. This audit trail also facilitates the location and correction of errors. It can be mandatory to keep this report for several years, depending on income tax regulations.

4. Accpac does not require that the transactions listing be printed. It is possible to close the general ledger without printing it. However, it is good practice to print the transactions listing either on a month-by-month basis or for the entire year before closing. Transaction details can only be purged after they are printed. Consolidating the details can save disk space and speed up processing time. The transactions listing is the best tool to verify or explain the balance of a particular account.

5. For many businesses, the general ledger provides all the financial information necessary for its competitors to figure out the state-of-affairs of the business. The general ledger data are usually kept confidential.

6. It is good advice to store at least one backup copy of the general ledger off-site. However, it is not wise to store it in Mary-Ann's basement, which may not be suitable for long-term storage of computer media. Bob should consider the possibility of any future conflict with Mary-Ann over her employment, and the impact of such conflict on access to company data in Mary-Ann's possession.

7. Accpac has a password security function that provides access control to the general ledger data. Once this security system is set up, a correct password must be provided in order to load the general ledger data. Only the authorized individual should know the password. Although Windows has some security features, they are easily bypassed and should not be counted on to provide a high degree of privacy.

8. While Torban's concern about the environment is commendable, the paper recycling program exposes potentially confidential printouts to unauthorized access. Torban should install paper shredders to destroy the confidential general ledger printouts before they are discarded in the recycling boxes.

Managing budget data

Topic outline

C.1 Entering and editing budget data
C.2 Viewing and printing budget data

Overview

In addition to historical data and opening balances, many general ledgers contain information about budgets for the current year and several previous years.

The budget is the plan of financial activities for the year, and should ideally be completed before the beginning of a new year. During the year, the actual financial performance is compared to the budget in order to determine whether the business of the company has been conducted in accordance with the budget. Deviations from the budget may mean the business is not running as planned or the budget does not represent realistic expectations. Proper budgeting can be a topic of an entire book. This appendix does not intend to show how to formulate a budget. However, you will learn how to enter and manage budget data using Accpac.

In Accpac, you can maintain five years of budgets for each General Ledger account. You can change or delete existing budgets and/or recalculate budget amounts.

Learning objectives

- Use the Budget Maintenance tool in Accpac.
- Enter and edit budget data.
- Modify budget data.
- View and print budget data.

Starting up

1. Start Sage Accpac ERP CGA 5.6A.

2. In the Open Company dialog box, select Sample Company Ltd. and click OK. The company desktop is displayed.

TOPIC C.1

Entering and editing budget data

When using Accpac to create a budget, there is a range of built-in calculations to create the numbers for the budget in the Budget Maintenance window.

Using Accpac to create a budget

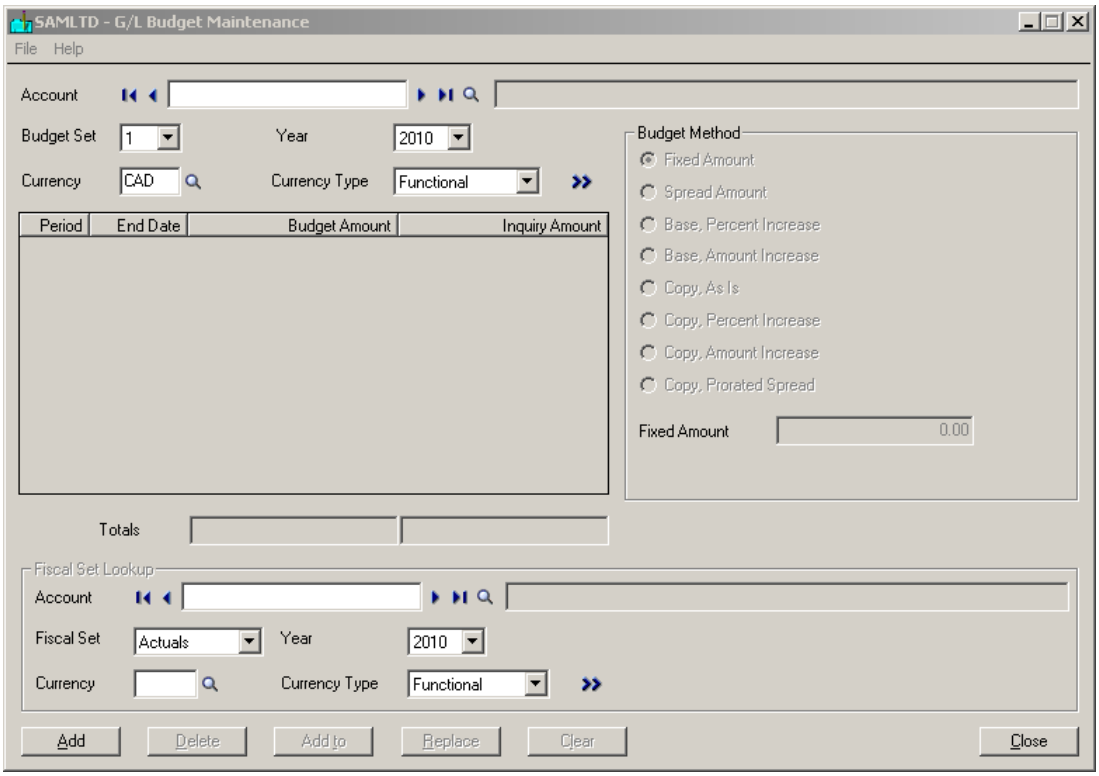
In Exercise C.1, using the Budget Maintenance window, you will modify Budget Set 1 data for account 4000.

EXERCISE C.1

Budget Maintenance window

1. Click G/L Accounts on the left navigation pane, then double-click the Budget Maintenance icon to open the Budget Maintenance window (Exhibit C-1).

EXHIBIT C-1
Budget Maintenance window



2. Note several things about this window:

- The top portion of the window is where you enter information to generate amounts in the Budget Amount column. The bottom portion under Fiscal Set Lookup is where you enter information to generate amounts in the Inquiry Amount column.
- In the Account fields, you can either type an account number or use the Finder button to locate a particular account.
- The description of an account will be displayed beside the Account field when the account number is specified.

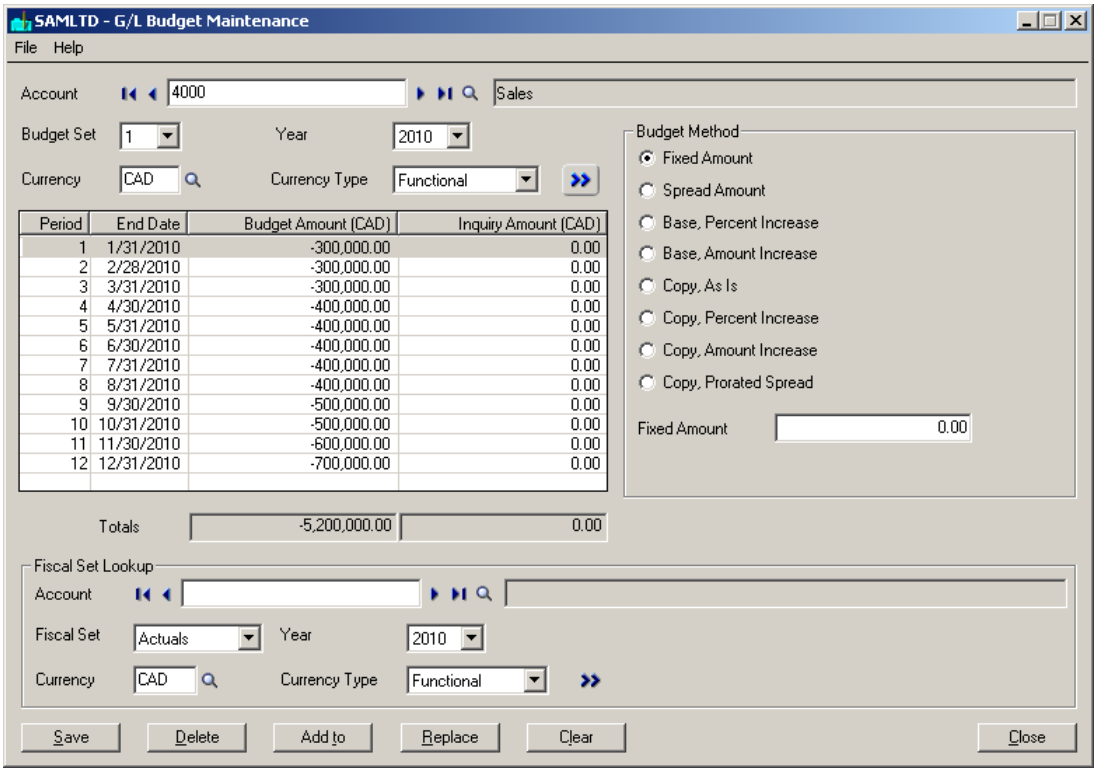
- In the Year fields, you can select any year established in the fiscal set of the general ledger.

- In the Fiscal Set field, you can use the drop-down arrow to select either Actual or Budget numbers for the Inquiry Amount column.

3. Enter **4000** in the Account field. Ensure 1 appears in the Budget Set field, and 2010 appears in the Year field.

4. Click the Go button (the double arrows (**»**) to the right of the Currency type field). Amounts should appear in the Budget Amount column as shown in Exhibit C-2.

EXHIBIT C-2
Budget Amount column showing amounts

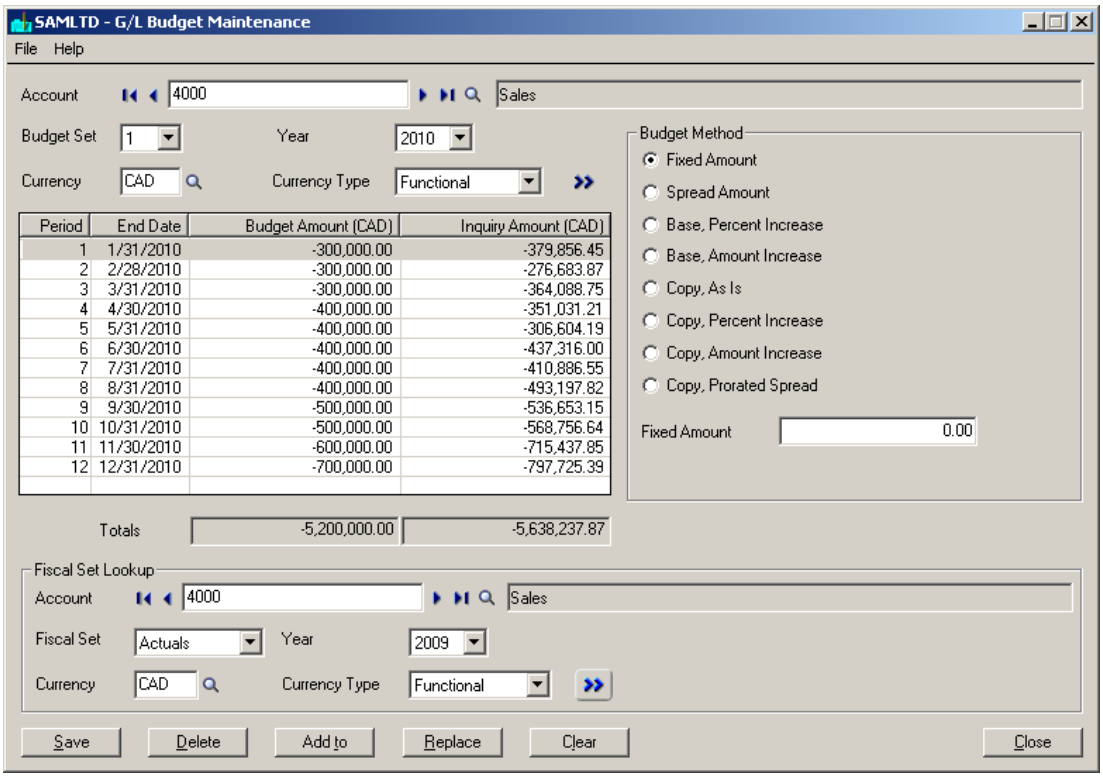


5. In the Account field in the Fiscal Set Lookup section, enter **4000**. Ensure Actuals appears in the Fiscal Set field, and 2009 appears in the Year field.

6. Click the Go button (**»**) to the right of the Currency Type field. Amounts should appear in the Inquiry Amount column as shown in Exhibit C-3.

EXHIBIT C-3

Enquiry Amount column showing amounts


SAMLTD - G/L Budget Maintenance
File Help
Account 4000 Sales
Budget Set 1 Year 2010
Currency CAD Currency Type Functional
Budget Method
Fixed Amount
Spread Amount
Base, Percent Increase
Base, Amount Increase
Copy, As Is
Copy, Percent Increase
Copy, Amount Increase
Copy, Prorated Spread
Fixed Amount 0.00
Period | End Date | Budget Amount (CAD) | Inquiry Amount (CAD)
1 | 1/31/2010 | -300,000.00 | -379,856.45
2 | 2/28/2010 | -300,000.00 | -276,683.87
3 | 3/31/2010 | -300,000.00 | -364,088.75
4 | 4/30/2010 | -400,000.00 | -351,031.21
5 | 5/31/2010 | -400,000.00 | -306,604.19
6 | 6/30/2010 | -400,000.00 | -437,316.00
7 | 7/31/2010 | -400,000.00 | -410,886.55
8 | 8/31/2010 | -400,000.00 | -493,197.82
9 | 9/30/2010 | -500,000.00 | -536,653.15
10 | 10/31/2010 | -500,000.00 | -568,756.64
11 | 11/30/2010 | -600,000.00 | -715,437.85
12 | 12/31/2010 | -700,000.00 | -797,725.39
Totals -5,200,000.00 -5,638,237.87
Fiscal Set Lookup
Account 4000 Sales
Fiscal Set Actuals Year 2009
Currency CAD Currency Type Functional
Save Delete Add to Replace Clear Close

7. You are now able to modify Budget Set 1 based on Actual 2009 data.

8. Leave the Budget Maintenance window open for the next section.

The Budget Maintenance window is used to create or modify monthly budget amounts for an account. Eight methods are provided under the Budget Method portion of the window. In addition, you can simply click the Budget Amount you want to adjust, and change it by direct entry.

Explanations for the eight budget methods follow:

Fixed amount
When you select this option, a Fixed Amount field appears. You enter an amount which the system enters in (or adds to) the Budget Amount fields for each period.

Spread amount
When you select this option, a Spread Amount field appears. You enter an amount which the system distributes evenly across the Budget Amount fields for each period. If the amount does not divide up evenly, the remainder is added into the last period.

Base, Percent Increase
Enter a base amount and an incremental (or decremental) percentage. The base amount will be entered for the first fiscal period. The amount for other periods will be calculated based on the previous period's amount multiplied by the percent increase or decrease.

Base, Amount Increase
Enter a base amount and an incremental (or decremental) amount. The base amount will be entered for the first period. The amount for other periods will be calculated based on the previous period's amount plus the amount increase or decrease entered.

Copy, As Is
The program copies the amounts in the Inquiry Amount fields to the Budget Amount fields without modification.

Copy, Percent Increase
The program copies the amounts from the Inquiry Amounts fields to the Budget Amount fields, with each Budget Amount field increased or decreased by the percentage entered.

Copy, Amount Increase
The program copies the amounts from the Inquiry Amount fields to the Budget Amount fields, with each Budget Amount field increased or decreased by the amount entered.

Copy, Prorated Spread
The program performs a weighted distribution of amounts based on the period amount in the Inquiry Amount column, the sum of period amounts in the Inquiry Amount column, and the amount you specify in the Spread Amount field. The system uses the following equation to compute each period's budget amount:

$$\frac{\text{Period inquiry amount}}{\text{Sum of inquiry amounts for all periods}} \times \text{Spread amount for period} = \text{Budget amount for period}$$

Explanations for the buttons at the bottom of the Budget Maintenance window follow:

Add button*:* adds the new budget information.

Save button*:* saves changes to an existing budget set.

Delete button*:* deletes a budget fiscal set.

Add to button*:* adds the amounts you are calculating or copying in the Budget Method box to the existing amounts that are already in the Budget Amount column.

Replace button*:* replaces the amounts in the Budget Amount column with the amounts being copied or calculated from the selected Budget Method.

Clear button*:* clears all the amounts in the Budgeted Amount column and reset them to zero. This does not delete the fiscal set and will not permanently change the amounts unless you click the Save button.

EXERCISE C.2

1. You should have the Budget Maintenance window open. It should look like Exhibit C-3. If not, repeat Exercise C.1.

2. Click the Fixed Amount radio button under Budget Method. Enter **-400,000** in the Fixed Amount field. Click Replace. Note that -400,000 appears in the Budget Amount column for every period.

3. Click the Spread Amount radio button. Enter **-6,000,000** in the Spread Amount field. Click Replace. Note that -500,000 appears in every period (that is, the 6,000,000 was spread among all periods.)

4. Click the Add to button. Note the Budget Amount column for every period increased by 500,000 (the amount of the per-period spread amount) so that the amount is now –1,000,000.

5. Click the radio button next to Copy, As Is. Click Replace. Note the amounts from the Inquiry Amount column have been copied to the Budget Amount column. Clicking Add to doubles the amount in the Budget Amount column.

6. In this manner, you can select different Budget methods and have the amounts calculated for you. You can enter an amount directly into the Budget Amount column at any time. Click Clear to start over. This does not delete, just simply clears the field. When satisfied with your changes, you would click Save. To preserve the original budget set, you should close the window without saving.

Note:

When specifying an amount, pay attention to the normal balance of an account. For example, using Sales, which is a revenue account, you must add a negative number to increase the amount, as the normal balance is a credit.

TOPIC C.2

Viewing and printing budget data

You can view the budget data of individual accounts on the screen using the Budget Maintenance window or the Fiscal Set Comparison window. These two windows are very similar; the main difference is that the Fiscal Set Comparison window compares the two sets of data and calculates the difference between them. Budget data can only be viewed one account at a time. To view or print a budget set, or a comparison of a budget set to actual results, you would need to create a new specification file. Specification files were described in Lesson 6. The main change needed to the specification file would be to the formula that generates the account balances. Instead of "BALP" which generates balances at the end of the current period, you would use "1BALP" for Budget Set 1, or "2BALP" for Budget Set 2 and so on for the five budget sets.

Glossary

Some of the technical terms used in this tutorial are listed and defined below. Certain definitions are specific to Accpac.

Account
An account is a type of record where individual transactions are recorded. It may contain up to 45 alphanumeric characters and can be divided into as many as 10 segments. Each account code in a general ledger must be unique. For sorting purposes, it is preferable to use numbers for account codes.

Account description
A description of an account contains up to 60 alphanumeric characters and is used to describe the contents of a general ledger account.

Account group
The general ledger provides account groups that are used for grouping accounts in the financial statements. Account groups can also be used to sort the Chart of Accounts report. Examples of account groups are Current Assets, Revenue, and Costs and Expenses.

Account history
An account history is a record of summarized account balances for historical years.

Account segment
A portion of the account code that represents a particular area of a business or an account category. For example, an account code can be divided into segments that represent different business locations, product types, or profit centres.

Active window
The window that is currently displayed "on top" of the other windows on your computer's desktop. Only one window can be active at a time.

Alert message
A message that appears when inappropriate, inadequate, or unclear data or instructions are issued, when data is not accessible, or when a confirmation is sought. Using the Help button in the alert message dialog box can provide additional information about some messages and their causes.

Alphanumeric
Letters, numbers, punctuation, and commonly used symbols in text such as $, &, %, and ?.

Audit trail
A detailed record that provides a means to trace all changes to an account balance.

Auto allocation
Amounts posted to an auto allocation account will be disbursed over other General Ledger accounts.

Backup
A duplicate copy of the general ledger data made as a precaution prior to posting or closing the general ledger.

Batch
A group of transactions. Total debits and credits in a batch must be equal before the batch is posted.

Chart of accounts
A complete list of the account numbers used to represent the financial information of an organization.

Clearing transaction
A clearing transaction is a transaction used to transfer the balance of an account to another account without deleting the account. Clearing transactions are also useful when accounts are obsolete but cannot be deleted because they have current-year activity that must appear on the financial statements.

Closing entries
The closing entries of the general ledger comprise entries that sum up the Revenue and Expense accounts and post the net amount to the Retained earnings account. The Revenue and Expense accounts are then zeroed out. The account balances of the general ledger before closing become the historical data after closing.

Comma-delimited format
Comma-delimited format is the standard comma separated ASCII character format used when exporting a report so that it can be read by database programs.

Consolidation
Consolidation is a process that totals transaction detail into a single summary amount to be carried forward to the next period. The procedure is optional and should only be used when detailed information in a previous period is no longer required.

Credit
An increase in revenue, equity, or liability accounts. A decrease in expense or asset accounts.

Data entry fields
Data entry fields are specific areas in a window in which selections are made, information is entered, or additional information is accessed.

Debit
An increase in expense or asset accounts. A decrease in revenue, equity, or liability accounts.

Default value
The default value is a value that is automatically displayed in a window by the program unless a different value is entered.

Entry
An entry is a single transaction, or the data entered in a single field in a window.

Error message
See *Alert message.*

Field
A field is a window area in which a single entry is made.

Finder button
An Accpac feature used to display a Finder window of input options for the field next to the button.

Finder window
A window that displays a list of input options for a specified field. For example, clicking the Finder button beside the Account field will open a Finder window that displays a full list of all accounts.

Fiscal periods
Fiscal periods are divisions of the fiscal year, typically monthly, quarterly, or semi-annually, when transaction information is summarized and financial statements are prepared.

Fiscal year
A period of 365 days that is defined for recording and reporting financial information. A fiscal year is usually made up of 12 one-month fiscal periods, although it can also be 13 four-week fiscal periods.

Future period
A future period is a period beyond the current fiscal year in which accounting information can be entered before closing the fiscal year. Future periods allow a business to continue recording accounting transactions for a new year while waiting for information necessary to close the current year, such as year-end adjusting entries.

General ledger
A ledger comprising all asset, liability, equity, revenue, and expense accounts in the form of detailed, summary, or controlling accounts.

G/L options
A window containing the semi-permanent information about the general ledger for an organization, such as name, address, telephone numbers, posting, and segment information.

Income statement account
An account that is printed on the income statement.

Journal
In a manual accounting system, a book of original transaction entries. In Accpac, a classification of transactions, such as sales or cash disbursements.

Journal entry
A transaction recorded in a formalized manner by entering an account and the amounts to be debited and credited.

Journal entry number
A number that identifies a group of related entries that are posted collectively as a single, complete transaction.

Ledger
A set of accounts used to record financial transactions.

Multi-user
A multi-user application allows two or more users at separate computers to work with an application simultaneously and to share information using a network.

Natural account segment
The main segment is the segment of posting accounts that has been designated as the sorting option for accounts on financial statements. Typically, the main segment is the segment that determines whether the account is an asset, liability, owner's equity, revenue, or expense account.

Normal balance
The normal balance is either debit or credit depending on the account. It is the balance under ordinary circumstances.

Offset account
An offset account is used in double-entry accounting. It is the account used to balance a transaction, making debits equal to credits.

Open batch
A batch of transactions that has not been posted.

Posting
The action of transferring the debits and credits from a journal to the general ledger accounts. Posting means placing the debits and credits of transactions, in a batch, into the appropriate accounts in the general ledger.

Posting journal
An official audit trail of all transactions posted to accounts. The posting journal prints automatically in Accpac. Posting journals include the audit trail code which is a precise record of where each transaction has been posted.

Prior period adjustments
Transactions used to adjust account balances of the previous fiscal year.

Recurring batch
A recurring batch is a batch set up so that you can post it repeatedly according to a selected frequency.

Removing history
Removing history is the process of erasing ranges of historical data. This process frees up additional hard disk space; however, the data will no longer be available.

Report option
A report option specifies how much or what type of information will be displayed on a given report. Multiple report options are available and can be saved for each report.

Required fields
Required fields are data entry fields that must be completed for the information in the window to be saved.

Retained earnings account
An account that comprises the retained earnings amount. It is used by Accpac for year-end closing of all income statement accounts. There must be at least one Retained earnings account in a chart of accounts.

Reversing entry
A reversing entry is a transaction that reverses the debit and credit entries of a previously posted adjusting entry.

Security groups
A system used to control access to various applications in Accpac.

Sorting
Sorting is a method of arranging data based on the order of specified information.

Source code
A code used to classify transactions. The source code identifies the type of journal entry to provide additional information about a specific transaction.

Structure
Structure is the way information is displayed or organized. The account structure determines how many segments the account will be composed of and the character used to separate each segment.

Subledger
A subledger is an application in Accpac that can be used to perform a specific set of tasks.

Tab-delimited fields
A tab-separated ASCII character file format used when exporting a report so that it can be read by spreadsheet programs that use this format. Excel is an example.

Text-only format
This is a file format that saves files as text without formatting. This format is used when exporting reports to applications that are unable to read other formats available.

Thousands separator
The thousands separator is a symbol used to separate thousands in a numerical value.

Transaction
An economic event (such as the sale of merchandise or the payment of wages) that affects the financial condition of an organization and can be reliably recorded.

Transaction entry
An entry in a transaction batch that comprises debits and credits netting to zero. A transaction entry completely records an economic event to be recorded in the general ledger. Transaction entries can either be posted as completed in real-time processing or they can be entered in a batch and posted at a later time.

Transaction history
The transaction history is the record of transactions for a historical period.

Trial balance
A list of accounts and balances from the general ledger, shown in debit or credit amounts. A trial balance is used to review the financial results of a fiscal period.